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## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

### INSTRUCTIONS FOR CONCLUDING ECONOMIC CONTRACTS FOR INDUSTRIAL PRODUCTS

Moscow EKONOMICHESKAYA GAZETA in Russian No 31, Jul 80 pp 7-8

[Official instructions: "New Official Materials: Procedure for Concluding Economic Contracts: Methodological Directives for Concluding Economic Contracts for Deliveries of Industrial-Technological Products During the 11th Five-Year Plan Period, Approved by the USSR Gosnab and the USSR Gosarbitrazh on 11 June 1980"]

[Text] 1. When concluding economic contracts for deliveries of industrial-technological products during the 11th Five-Year Plan period, ministries, departments, material-technical supply agencies, associations, enterprises, and organizations should proceed from the goals contained in the CPSU Central Committee Resolution "On Further Improvement in the Economic Machinery and Tasks of Party and State Agencies," and the Decree of 12 July 1979 of the USSR Council of Ministers, No 695, "On Improvements in the Planning and Stimulation of Economic Machinery To Streamline Production and Improve Its Quality."

The work to conclude economic contracts for deliveries of products should be oriented toward:

- further expansion, development, and raising the effectiveness of direct long-term economic connections between production associations and enterprises;
- development of a guaranteed, complete supply system on the basis of agreements concluded with territorial material supply agencies of the Gosnab system, as one of the forms of assuring material resources to production associations, enterprises and organizations;
- strengthening the influence of users and supply and marketing organizations on the formulation of production plans geared to their orders;
- increasing the role of the long-term contract in the national economy as a tool for the planning and organization of production, supply, and marketing;
- strengthening plan and contract discipline of deliveries;
- increasing the responsibility of the supervisory agencies to industry and material-technical supply for the proper organization of economic connections.

2. The principal form of economic relations between contractor production associations (enterprises) and client production associations (enterprises) as well as between these production associations (enterprises) and territorial material-technical supply agencies is the long-term contract, concluded for the period of the 5-year plan.

In those cases when the plans for attachment issued by production associations (enterprises) and territorial material supply agencies are not from the beginning of a 5-year plan, the contracts will be concluded for that period for which the plans for attachment are issued in direct long-term and long-term economic ties.

3. Direct long-term economic ties concerning the deliveries of products between the manufacturing production associations (enterprises) and the consumer production association (enterprises) as well as long-term economic ties between production associations (enterprises) and territorial material supply agencies will be established on the basis of plans of attachment, fixed in a system which will be determined by Gosplan USSR.

For products that are entirely manufactured and utilized within a single ministry (department) system, direct long-term economic ties will be established by the concerned ministry (department) in accordance with its instructions.

When organizing the indicated economic ties it is necessary to insure:

--the preservation of the economically expedient direct long-term and long-term economic ties developed and formed during the 10th Five-Year Plan and their well-grounded expansion in the 11th Five-Year Plan;

--a comprehensive approach to the organization of direct long-term economic ties according to the principal products consumed by production associations (enterprises);

--consideration of production stability and demand for products during the 11th Five-Year Plan, as well as of the rationality of transportation and of the utilization of production capacities.

Changes in the established direct long-term and long-term economic ties are permitted only in exceptional cases (activation of new capacities, reconstruction of an enterprise, discontinuance in accordance with established instructions of the issuance of a product, utilization of new, more progressive raw and other materials, streamlining of transportation, etc) after preliminary examination of this question with concerned production associations (enterprises), ministries, departments, and territorial material-technical supply agencies.

Such changes may be introduced only by the agency which approved the plan of attachment, with the notification of interested parties 3 months before the change in the established ties.

4. In long-term contracts for delivery of products based on direct long-term and long-term economic ties, the parties, in keeping with the plans of attachment, will specify the volume of deliveries for the 5-year period (distribution by year), as a rule, in group schedules (assortment). The drafted schedule (assortment) of products subject to delivery is determined by orders (specifications) of purchasers, in agreement with the supplier on the schedule and times set forth by the contracts.

Upon concluding the contract, the parties simultaneously agree upon the schedule (assortment) for the first year of the 5-year plan period.

In the long-term contract for deliveries of products according to the direct long-term economic ties are specified the mutual obligations of the parties with respect to the subsequent expansion of the schedule (assortment), the improvement in quality and technical-economic indicators of products during the period covered by the contract. It also provides for the provision of technical assistance in the fabrication and use of new types of products, in the installation and adjustments of equipment by the other party if necessary, in the production and use of progressive types of packing and packaging materials, in containerized delivery of freight, in transportation, and also in other conditions ensuing from the long-term cooperation of the parties.

Long-term contracts for delivery of products based on direct long-term economic ties are concluded with allowance for the wording of the model contract of this kind worked out by the USSR Gosplan and cooperation with USSR Gosarbitrazh.

It is expedient that the ministries and departments, in agreement with the Union main supply and marketing agencies, would draft on the basis of that model contract, a project of a model contract for deliveries of specific products on the basis of direct long-term economic ties; such a contract should reflect the specification of the branch or give methodological recommendation by the subordinate production associations (enterprises) converted to direct long-term economic ties, with allowance for the specific features of deliveries of products of the corresponding branches of industry.

5. In those cases when plans for attachment for long-term economic ties are lacking but the parties have developed long-term economic relations on the basis of annually issued orders for delivery of products, the suppliers and users at the request of one of the parties, a long-term contract providing for the procedure and schedules for coordinating the quality and variety of the products annually subject to delivery must be concluded.

6. The long-term contract for the organization of material-technical supply, concluded for the 5-year plan period, is the principal form of economic relations between the territorial material-technical supply agencies of the USSR Gosplan and the production associations (enterprises), construction organizations, and other main users.

The contract for the organization of material-technical supply specifies the conditions for the guaranteed comprehensive delivery of products to user, with



the products being allocated on the basis of both payment and nonpayment supply. It also specifies how products should be prepared for use in production, as well as the agreed-upon schedules for deliveries of materials and products, the sales of superfluous and unutilized materials, and the provision of other services. In the contract it may be stipulated that the territorial material supply agency guarantees to the consumer issuance of products on credit according to an agreed upon schedule [nomenklatura] in those cases when the client has an immediate contractual relationship with the enterprise-manufacturer and the latter is withholding shipment of the product.

Contracts to organize material-technical supply are concluded with allowance for the contents of the model contract for the Organization of the Material-Technical Supply of a Production Association (combine), or enterprise, as approved by the USSR Gosplan in cooperation with the USSR Gosarbitrazh.

7. Contractual relations between territorial material-supply agencies of the USSR Gosplan system and consumers, with whom contracts have not been concluded, on the organization of material-technical supply by warehouse deliveries of products, are registered by the acceptance of the consumers' orders for fulfillment by the territorial material-supply agencies, or by the conclusion of contracts.

The orders are presented by consumers on standardized order forms approved by USSR Gosplan. For each type of product, a separate order is used.

Orders for products intended for fulfillment of the annual plan are, as a rule, submitted for the year.

The territorial material-technical supply agencies are obligated to provide the necessary number of order forms to the production associations (enterprises) and organizations located in their regions.

8. Upon conclusion of contracts and agreement of the nomenclature (assortment) of products, suppliers and purchasers must follow lists of products subject to manufacture and delivery, which have been approved by the USSR ministries and departments jointly with USSR Gosplan for production associations and enterprises with allowance for their specialization, according to the procedure established by USSR Gosplan Decree No 39 of 16 May 1980.

In accordance with the confirmed list, the purchaser has the right to demand acceptance of the order by the supplier in the nomenclature (assortment) necessary to the purchaser, within the limits of quantity of the product, specified in the plans of attachment and schedule.

9. With the goal of strengthening the interaction of Soyuzglavsnabst [union main administrations for material-technical-supply and marketing] of USSR Gosplan and the all-union industrial associations on the organization of the material-technical supply of the national economy, they will conclude contracts for the period of the 5-year plan.

On the basis of the concluded contracts, the industrial associations assume the obligation of assuring the manufacture of products at their subordinate

enterprises in the quantities and nomenclature (assortment) agreed upon with the union main administrations for material-technical supply and marketing of USSR Gossnab. Said administrations obligate themselves to assure the realization of the manufactured products in accordance with their orders.

The contracts provide for: procedure and schedules of presentation of long-term and annual orders for output; quantity and group nomenclature (assortment) of products subject to manufacture by the production association, enterprises, and organizations included within the industrial association; procedure for organization of economic connections as regards product deliveries; and other conditions which the parties deem necessary for inclusion in the contract.

The procedure for organizing economic relations and presenting orders for products that are allocated in accordance with plans, is specified in the contracts in accordance with the applicable legislation. Mutual material responsibility of the parties is determined by the existing legislation and the contract.

10. The ministries, state committees, departments, and USSR Gossnab agencies:

--draft and implement measures to assure the on-schedule conclusion of contracts for the 11th Five-Year Plan, the establishment of stable economic connections, a broad use of the system of orders and economic contracts in the drafting of production plans, a careful consideration of mutual obligations by suppliers and consumers, and improvements in quality, effectiveness, and legal assurance of the contracts concluded;

--regularly verify the progress and results of the conclusion of economic contracts for the delivery of industrial-technological products by subordinate production associations (enterprises) and organizations, using for this the established accountability and materials of Gosarbitrazh [state arbitration] agencies on actual shortcomings in the practice of concluding and implementing contracts;

--assure the recording of the concluded contracts in the subordinate production associations (enterprises) and organizations, their prompt submission of reports in accordance with the standard first-contract "Report on Contracts for the Delivery of Industrial-Technological Products," as approved by the USSR Central Statistical Administration for all production associations and enterprises regardless of their administrative jurisdiction, and in accordance with the standard first-contract ("supply") "Report on Product Delivery Contracts Concluded Between Supply-and-Marketing Organizations and Suppliers and Purchasers";

--develop and implement measures assuring the fulfillment of product delivery obligations by all production associations (enterprises) and material-technical supply agencies pursuant to the concluded contracts, and the rigorous application of material fines for the infringement of contractual delivery obligations;

--assure rigorous observance of the established procedure and schedules for revision of production plans, on bearing in mind that plan revisions made without adhering to aforesaid procedure and schedules are to be disregarded when concluding and implementing contracts.



11. To streamline the conclusion of economic contracts by production associations, enterprises, and organizations, it is recommended that either standard pertinent enterprise regulations be drafted, or an ordinance be issued, specifying: the distribution of functions among subdivisions as regards the preparation of materials or the conclusion of contracts; the procedure and schedules for the passage of documents associated with the execution and implementation of contracts; format, registration and filing of contracts; a system for monitoring the on-schedule execution of contracts and the preparation of the pertinent reports; and analysis and assessment of the execution of contracts. In addition, it is recommended that measures be drafted to assure the implementation of contracts.

The execution of economic contracts for the 11th Five-Year Plan should be preceded by in-depth analysis of the contract execution and implementation practice during the 10th Five-Year Plan.

12. The union republic gossnabs and the main territorial administrations of USSR Gossnab verify the course of the execution of contracts for the 11th Five-Year Plan and investigate it jointly with the appropriate state arbitration commissions. Special attention here is to be paid to assuring that long-term contracts cover the entire volume of product deliveries based on direct long-term and direct economic connections.

The union republic gossnabs and main territorial administrations of the USSR Gossnab are to notify the corresponding state arbitration commissions in cases in which the plans of attachment are for a 5-year period but contracts are concluded for a shorter period, so that the state arbitration commissions can then initiate on their own proceedings to adjust the period of applicability of the contract to the plan of attachment.

13. The state arbitration agencies:

--assure the timely and appropriate resolution of disputes between suppliers and consumers with respect to economic contracts for product delivery during the 11th Five-Year Plan, by following the guidelines of the Decree No 695 of 12 July 1979 of the CPSU Central Committee and the USSR Council of Ministers, "On Improvements in Planning and Strengthening the Influence of the Economic Mechanism on the Streamlining of Production and Productivity," as well as the Directives No I-1-26 of 31 October 1975 of the USSR Gosarbitrazh, "On the Activities of Arbitration Agencies in Resolving Disputes Arising During the Execution, Revision, and Cancellation of Contracts for Deliveries of Products and Commodities";

--wage resolute struggle against instances of failure by production associations (enterprises) and organizations to conclude long-term contracts, and against violations of the specified schedules for the formalization of contractual relations, and impose the prescribed sanctions on violators.

Special attention should be paid to improvements in the contents of contracts in accordance with the existing legislation and plan targets.

Pursuant to the USSR law "On State Arbitration in the USSR," contracts conflicting with the legislation in force and the state plan targets are to be considered null and void, and demands by parties to the contract are to be rejected if such demands are based on decisions by state agencies that conflict with the legislation in force:

--consolidate liaison between ministries, state committees, departments, and agencies of USSR Gosplan and provide them with every assistance in the work to conclude product delivery contracts for the 11th Five-Year Plan;

--act purposively to prevent violations of laws in the execution of contracts for the 11th Five-Year Plan.

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## PLANNING AND PLAN IMPLEMENTATION

### RUTKEVICH POINTS TO PLANNING TO SOLVE SOCIAL PROBLEMS

Moscow PLANOVYE KHOZYAYSTVO in Russian No 9, Sep 80 pp 60-67

[Article by M. Rutkevich, corresponding member of the USSR Academy of Sciences: "Growing Orientation of Planning to Solving Social Problems"]

[Text] Planning in the USSR has always been distinguished by a comprehensive approach to solving national economic problems. It has also reflected the social aspects of public life. In connection with the development of the plan of GOELRO [State Commission for the Electrification of Russia, 1920], V. I. Lenin noted that "we ... have received the chance, quite rare in history, of setting the terms needed to make radical social changes."

Scientific substantiation of the rates and proportions not only of the economic, but also of the social development of the country was given in the First Five-Year Plan. The scale of social transformations has increased with each five-year plan.

In the stage of mature socialism, planning has been raised to a qualitatively new level. In the system of managing the economy, the five-year plan has become prominent, the value of scientific and technical forecasts has increased, program-target methods have been widely introduced into planning practice, etc. In our view, one of the essential features inherent to the contemporary stage of social development is the ever increasing orientation of state plans to solving social problems.

The increase in the role of social aspects in planning during the last 15 years has been expressed in the following.

First, major complex regional programs, in which social problems have a decisive place, have been developed and are being implemented. An example of such a program is the development of the virgin and unused lands in the eastern part of the country. Subsequently, long-term, comprehensive regional socioeconomic programs that are far-reaching in scale have been adopted: the development of agriculture in the non-chernozem zone of the RSFSR; development and conversion of the western Siberian lowland into a gas and oil producing base for the country; and development of the new territories of eastern Siberia and the Far East, including that in conjunction with the construction of the Baykal-Amur Mainline. Comprehensive regional programs are being organically entered into the overall plans of long-term socioeconomic planning for the development of the country.

Second, the experience of social planning at local levels of management has been considerably enriched. In the Eighth Five-Year Plan, the foundation was laid

for compilation of plans for social development of labor collectives of industrial and transport enterprises, kolkhozes and sovkhozes. In the years of the Ninth Five-Year Plan, social planning embraced practically all production collectives and was spread to the non-production sphere--scientific institutions and service enterprises, etc. Scientists prepared instructions<sup>2</sup> in methods, which have played a positive role in spreading know-how in this field.

Social planning was developed in the cities and rural rayons, and then in the oblasts and krays. Mention should be made especially of the comprehensive, innovative plans for social and economic development, which required major scientific developments, of Leningrad and Leningrad Oblast, Sverdlovskaya Oblast, Minsk, Krasnoyarskiy Kray and other major cities and oblasts in the period from 1976 to 1980. The experience of planning the social development of cities and regions was generalized in scientific works and corresponding methods of instruction.<sup>3</sup> Thus, the task set by the 25th CPSU Congress to "improve comprehensive planning for economic and social development in enterprises, associations, rayons and cities" is being successfully carried out.<sup>4</sup>

Third, social problems are being reflected ever more extensively in centralized planning and forecasting. These problems have been taken up in a special section of the Comprehensive Program for Scientific and Technical Progress and Its Socioeconomic Consequences for 1976-1990. Current work on the program covers the future up to the year 2000.

In accordance with the 1977 USSR Constitution, state plans for the development of the economy of the country, as well as of the republics, krays and oblasts, are termed plans for economic and social development.

Thus, comprehensive plans currently determine the activity of the entire system of management from top to bottom in two directions: from the overall state plan through the sector--subsector--main administration--association to the labor collective and through the territorial units--the republic, kray and oblast, city, rayon--to the labor collective, the basic economic and social cell of socialist society.

What then is the correlation of the two basic components--the economic and the social--in planning? In our view, it should be based on the dialectic interrelation of the economic and the social with consideration of both the real process of development of society and the management of this process.

Social planning embraces: development of the personality based on growth in material welfare, cultural level, socialist consciousness, improvement in the way of life and improvement in social relations, first of all the social structure of society, in the direction toward ever more complete social homogeneity. From this point of view, social planning is organically linked to economic and fuses with it. Indeed, social relations in general, including between social groups, is the social sphere, but these are primarily economic relations. Determining the correlation, for example, between public funds for consumption and the wage fund, and increasing it for particular categories of workers as a work incentive is a problem that is an economic and a social one at the same time. Development of the personality is a social process, but it occurs in the first place thanks to labor productivity, i.e., in the economic sphere. Planning the improvement of working conditions and living conditions for a particular period and raising labor productivity on this basis is both an economic and a social problem.

Social transformations as a whole are determined by the development of the economy, growth in productive forces based on scientific and technical progress and improvement in the system of production relations. Therefore, real prospects for social development cannot be contemplated, for example, in the sphere of education, without considering the growth in society's needs for various specialists in conjunction with expansion of industry and progress in technology, and without determining those material resources that can be allocated for school construction, textbook publication and teacher training. The same applies to planning the development of culture, health and other social spheres. Without resolving the economic problems, social aims cannot be achieved. Making the role of social factors absolute means undervaluing economic factors and orients practice incorrectly.

Theory is always linked to practice. If in theory the social is placed higher than the economic, then the plan for social development of an enterprise must override the economic plan. But there is no question that meeting planned production goals is the highest obligation of worker collectives and their duty to society. Plans for social development of the latter are successfully accomplished and play their role in mobilization of reserves when they are organically tied to production tasks, the state plan and the economic activity of the collectives. And, conversely, social aims are not achieved and do not perform their mobilizing role if they are separated from the economic plan, and if satisfaction of the social needs of the collectives is contemplated without consideration of the real economic possibilities. Social development plans compiled this way necessarily take on a "consumption" nature, are not realized fully, and have low effectiveness.

The dialectic interaction of the economic and the social cannot be reduced to the idea that the latter seemingly emerges simply as a consequence of the former. The social factor has an active role. Thus, improvement in the psychological climate in the labor collective has a direct effect on production indicators; and this can be said of all society as a whole.

Improving social relations and the personality qualities of workers, raising their cultural level, education and conscientiousness, and positive changes in their way of life are strong motive forces for growth in social production. But these motive forces will operate at full force under the condition that resources allocated to carrying out a social program not only promote a rise in the material standard of living and culture of the masses and progress to ever more full social equality, but also raise the labor activeness of citizens and promote growth in skill, strengthening of discipline and the responsibility of each worker. Presently, social sections of plans do not always provide for raising production efficiency and increasing social wealth.

The principal tasks of social planning in the enterprise (association) are the progressive change in the structure of the collective, growth in material welfare and raising the cultural-technical level of workers, improving the nature and content of working activity, and strengthening the social activeness of workers. The more concretely the socialized of each social (workers, ITR [engineering and technical personnel], employees) and sociodemographic (youth, women, workers of pre-pension age, pensioners who continue working, etc.) group, as well as the gradation within each of them, are considered in a plan, the more effective it is. Working out the indicators of many plans for social development, adopted for the 10th Five-Year Plan, was preceded by an earnest effort to study the occupational and skill structure of the collective, and in a number of cases, by the compilation of a social enterprise passport.



While early plans for social development were compiled as special plans of measures which relied to a certain extent on the state plan for enterprises, now unified comprehensive plans for economic and social development of collectives of enterprises and associations are developed.

Improving the economic mechanism is no short-term campaign; it is a process that requires development of a considerable number of normative documents that generalize positive experience. In our view, an integral part of this effort should be the substantial revision of the methodological documents on comprehensive planning for enterprises, associations and sectors, as well as rayons, cities and regions to link the economic and social factors of the plan organically between themselves.

On the one hand, this will make it possible in social development plans to get rid of formalism and declarativeness, as well as the tendency to "dependency" that makes itself known at times. It is well known that in many social development plans as well as in the social sections of a comprehensive plan, improvement in working and living conditions and growth in education and culture are planned without due consideration of the physical possibilities and results of economic activity of the collective, and these measures themselves are insufficiently oriented to raising production efficiency.

On the other hand, the use of physical assets and means of ideological-educational influence, at the disposal of an enterprise, requires improving consideration of social reserves in production plans. It seems that under current conditions, an especially typical problem is improving discipline—labor, production and plan—and inseparably linked with it is the problem of raising responsibility of each person for his own work, for the results of collective labor and for the overall state of affairs in the country. It is most difficult to make major aspects of people's behavior such as observance of labor discipline and change of work place amenable to planning and management. The interrelation of these factors is evident. With the current shortage of labor resources (which to a considerable extent is the result of poor organization of labor and exaggeration of the work forces of enterprises and associations without special need), unjustified allowance is sometimes made for violations of discipline especially when hiring and releasing unskilled and low-skilled workers in some mass occupations.

Millions of progressive workers, collective farmers and intellectuals labor not out of fear, but out of conscience, setting the example of a truly communist attitude toward labor. Their labor is highly appreciated and rewarded materially and morally in their own collectives, receives national recognition and is often marked by government awards. Against this background, being late or failing to come to work, refusing "unprofitable" work, etc. is especially unsightly.

Violations of labor policies inevitably affect the rhythm of production and product quality; extraneous activities occur during working hours (sometimes with the use of state tools and materials), etc. The consequence of this is that schedules for shipments of products under subcontracting arrangements are not met; not only one's own plans, but also those of subcontracting enterprises are not completed; and plan discipline is violated in the entire national economy.

Unnecessarily high, above-standard personnel turnover brings huge losses to enterprises and society as a whole. Replacing the collective work force is natural

within certain limits, and what is more, it is necessary as a consequence of the change of generations, young people leaving for study or the Soviet Army, change of residence when family relationships are rearranged, etc. But the actual turnover of personnel is considerably higher than the estimated. An average of one month is lost when a work place is changed. Taking just this factor alone into consideration on the scale of the national economy shows that millions of "average statistical" workers are lost per year. To this must be added that a certain amount of time is needed to adapt to the new work place in conjunction with full or partial assimilation of new labor functions, and getting used to the new labor collective with its established system of sociopsychological relationships. Sociological studies have shown that a worker's capabilities are not fully utilized during the adaptation period. This factor is difficult to quantify, but should also be considered.

The decree "On Further Improvement of Labor Discipline and Reduction of Personnel Turnover in the National Economy," adopted in January 1980 by the CPSU Central Committee, the USSR Council of Ministers and the VTsSPS (All-Union Central Trade-Union Council), provides for a complex of measures that will make it possible to substantially improve the established situation. The decree orients party, council, trade union and Executive agencies to considering their work in this area "a main direction for implementation of the party's economic and social policy."<sup>5</sup> The decree directs expanding incentives to workers, brigades, shops and enterprises achieving high labor discipline and stiffening measures aimed against its malicious violators.

I would like to discuss how these questions should be reflected in social planning. Up to now, the view has often been expressed that failing to come and being late to work and increased personnel turnover (just as negative phenomena in general) in principle cannot be an object of influence of social planning, and consequently, of social management either. Usually, the argument is advanced that apparently not all social processes can be measured by using quantitative indicators. In principle this is true. But after all, the number of unauthorized absences from work and their summation in the overall balance of work time are quantitative indicators and measurable. Personnel turnover and percentage of reasons for release of workers are amenable to quantitative evaluation: they are considered in plant statistics, and sociological studies make it possible to use even more precise methods of quantitative analysis of the reasons for unauthorized absences and for releases.

The objection raised most often against planning for negative phenomena is based on prejudice and the tendency to "close one's eyes" to negative phenomena. But forecasting and, relying on it, planning measures aimed at reducing the number of unauthorized absences and other violations of labor discipline as well as reducing personnel turnover are lawful inasmuch as they are meant to reduce and eliminate these elemental negative phenomena in the future. Today, they are a fact, and the problem consists in systematically getting rid of such facts.

That is why we believe that it is worth studying closely the experience of those production collectives and local agencies of the Soviet government using social planning as a powerful factor in reducing the sphere of effect of negative phenomena in general, including eliminating unauthorized absences and creating stable production collectives. Thus, at the Vladimir Avtopribor Plant a social department of personnel was set up at the start of the current five-year plan to strengthen labor discipline. In its meetings, the reasons for release of workers are analyzed thoroughly. The often encountered formula "left at his own request" is expanded on,

and the possibilities of keeping the worker in the collective by satisfying his demands are ascertained. All this is done in the presence of the worker who has handed in an application. As a result of this and other measures, personnel turnover at the enterprise has been substantially reduced.

At the Voronezh Tire Plant, management and party agencies together with the Komsomol committee focused attention on stabilizing the work force, especially youth. A system of measures on personnel consolidation was worked out at the plant. Data of recent years indicates that more than two-thirds of the young workers return to the plant after release from the Soviet Army.

The questions under consideration affect a broad spectrum of social relations that must find reflection in planning. Meanwhile, in the Standard Procedure for Drafting the Technical, Industrial and Financial Plan for a Production Association (combine, enterprise), the problems of social development of the collective have been given only a small section of the standard comprehensive plan; this procedure was adopted by the USSR Gosplan in 1979. A plan compiled on this basis does not provide the opportunity for influencing the development of social relations and the worker's personality. This procedure differs little from the one issued in 1974. In it there has been no consideration of the work done in recent years by the country's scientific community (including preparation of procedures of social planning for an enterprise, city or sector mentioned earlier).

Refinements (concerning the social sections of the plan) have to be made to this document, especially since in the decree of the CPSU Central Committee and the USSR Council of Ministers on the further improvement of the economic mechanism, there is direct indication of the need to "work out consolidated sections on the entire complex of measures in the area of social development within the state plans for economic and social development of the USSR, union and autonomous republics, krais, oblasts, cities and rayons, as well as ministries, departments, associations, enterprises and organizations."

In light of what has been said, the section of this USSR Gosplan procedure, devoted to social development of the collective, must in our view not be at the end of the comprehensive plan, but follow the sections that regulate development of plans on labor and personnel, forming one unit with them. There is no question that social problems are a direct extension of and give a great deal of concrete expression to problems of ensuring stability of the labor collective. It is advisable for the sections on planning of production cost, return, profitability and economic incentive funds to be after the statement of the plan goals in the social area, and for the social indicators contemplated at the end of the plan period to be considered.

The plan section devoted to social questions must contain a more complete characterization of the tasks and aims in improving the social and occupational-skill structure of the collective. In the current procedure, the system of indicators describing improvement of the occupational-skill structure of the collective is too general. We believe these indicators should be included in it: skill structure of the contingent of workers; technical equipment of labor, especially for females; staff of engineers and technicians in relation to the actual utilization of them; reduction in work force turnover; reduction in number of unauthorized absences, etc. The procedure should also reflect the age and sex distribution of the basic categories of work and social groups, and the utilization by them of non-work time. In addition,

it should be titled "Standard Procedure for Developing the Plan for Economic and Social Development of a Production Association (Combine) and Enterprise."

The social sections of the plan in a number of cases are being compiled by those with inadequate qualifications; the accomplishment of them is being monitored poorly due to the lack in an overwhelming number of enterprises and associations of a sociological team. The current status of sociologists (where they are available) is undefined. As a rule, they are maintained at the expense of other staff elements, and organizationally are part of personnel departments or the NOT [scientific organization of labor] divisions. In our opinion, the need is ripe to put sociologists (and social psychologists) on the staff schedules if only at first in major (over 1000 workers) enterprises, and sociological groups (laboratories)--on the staff of associations, and moreover in particular for the personnel division which can directly affect the improvement of the occupational-skill structure of a collective.

There are already a considerable number of sociologists in the enterprises of many ministries (for example, the USSR Ministry of the Coal Industry). However, the utilization of them leaves much to be desired. It is precisely the sociologists that could make sound recommendations on problems relevant to the ministries, such as personnel turnover in general, turnover of engineers and technicians and their placement in particular.

A major direction for improvement of planning, considering its growing orientation in solving social problems, is also the coordination of plans of enterprises (associations) with plans for development of territorial units, compiled under the direction of local party agencies and councils of peoples' deputies, on the one hand, and with plans for development of sectors, on the other hand.

Without considering the conditions of a rayon or city, it is impossible to plan the improvement of the way of life, sociocultural services for workers, and training of them in stationary educational institutions. It is precisely the development of social planning in enterprises that has drawn attention to the need for expanding its bounds to the limits of a rayon, city or oblast.

Solving social problems in the plan system depends on a combination of regional and sector planning, and on overcoming both the tendencies to local interests in the individual administrative-territorial units, and the inadequate consideration of local conditions in plans for development of sectors. With comprehensive planning, such coordination is a very complicated matter. As a rule, departments have a small number of social institutions; they are primarily under the direction of local councils. At the same time, the sectors have at their disposal considerable (financial) and other physical resources, which the city management agencies do not have, and the latter are forced to appeal to enterprises and departments for the means to build shops, schools, clubs, hospitals, etc. Local councils have levers to mobilize workers for voluntary work to organize public services and amenities and to bind (within certain limits) enterprise directors to do what is required for the population of a city as a whole. But these levers are inadequate for solving fundamental social problems.

It has been noted repeatedly that enterprises and sector ministries are inclined to shift solving social problems to the shoulders of local councils which do not have



adequate resources for this. The non-coordination of plans for social development of enterprises and cities has a negative effect on the stability of labor collectives and thereby on the indicators of work of the enterprises.

Personnel turnover, for example, depends not only on conditions of production at a given enterprise, but also on the overall conditions in a rayon, city or oblast. Raising the educational level of workers, provided for in social plans for development of a labor collective, depends on the number of training institutions which (except for the centers of production training and PTU [vocational and technical schools] at the enterprises) are subordinate to either local councils or various departments. The experience of Kaluga organizations, who 10 years ago transferred all questions of starting and changing employment to management by a special bureau of employment and information of the population, has proved positive. During the four years of the 10th Five-Year Plan, personnel turnover for the city has declined from 17.8 percent to 13.2 percent. Nevertheless, this experience has not yet been disseminated properly.

The basic problems of a social nature on the city scale have been caused by the disproportionality of its development, and in particular by the lag in the sphere of services. These problems have arisen historically and in the majority of cases they are due to the backwardness of the city economy inherited from the past, destruction during the war of a considerable part of the country, forced construction of barracks, and rapid growth in population both in old and new cities. Playing a role too are the mistakes made in design and construction of cities, and the shortcomings in the established system of planning and management. These negative features are especially making themselves known in the social sphere--by non-rational spending of leisure time of people (due to deficiencies in the operation of municipal transport, trade enterprises and consumer services), increased migration of the population and violations of the social order.

These problems of comprehensive economic and social planning stem from demands made on improving the economic mechanism at all levels of management. Solving them in close cooperation between practical workers and various types of experts--economists, sociologists, social psychologists, philosophers, demographers, lawyers and representatives of other branches of science--expresses the general trend of development of a mature socialist society.

#### FOOTNOTES

1. V. I. Lenin, "Poln. sobr. soch." [Complete Collected Works], Vol 45, p 385.
2. See "Planirovaniye sotsial'nogo razvitiya kollektiva predpriyatiya. Metodicheskiye rekomendatsii" [Planning the Social Development of an Enterprise Collective. Methodological Advice], Moscow, Profizdat, 1975.
3. See "Perspektivnoye planirovaniye ekonomicheskogo i sotsial'nogo razvitiya goroda. Metodicheskiye rekomendatsii" [Long-Term Planning of the Economic and Social Development of a City. Methodological Advice], Moscow, Profizdat, 1977.
4. "Materialy XXV s"yezda KPSS" [Materials of the 25th CPSU Congress], Moscow, Politizdat, 1978, p 171.



5. PRAVDA, 12 January 1980.

6. See "Sovershenstvovaniye khozyaystvennogo mekhanizma. Sbornik dokumentov" [Improving the Economic Mechanism. Collection of Documents], Moscow, "Pravda", 1980, p 11.

7. PRAVDA, 27 March 1980.

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## REGIONAL DEVELOPMENT

### DEVELOPMENT OF URAL SVERDLOVSK AREA DETAILED

Novosibirsk *EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOSTI PROIZVODSTVA* (EKO)  
in Russian No 8 Aug 80 pp 119-147

[Article under rubric "Improvement of Planning": "Branches and Territory:  
A Search for Harmony"; EKO round-table discussion]

[Text] In October 1973 approval was given to the initiative of the Sverdlovskaya Oblast party organization to develop draft plans for the long-term -- up until 1990 -- plan and the 10th Five-Year Plan for the social and economic development of Sverdlovskaya Oblast. At the same time the government required the planning agencies, ministries, and departments to take into consideration the recommendations of the oblast in the corresponding union, republic-level, and branch plans for the 10th Five-Year Plan and for the long-term plan. In June 1975 the RSFSR Gosplan Board considered the draft version of the comprehensive plan for the development of the national economy of the oblast during the 10th Five-Year Plan and the basic trends in the long-term plan until 1990, and in 1976 USSR Gosplan approved the five-year plan for the development of Sverdlovsk.

The activity of the Sverdlovskaya Oblast party organization to combine within the national-economic plan the interests of the branch and the territory is not a unique phenomenon. In carrying out the special decisions of the directive agencies, the planning agencies of Moscow and Leningrad, Krasnoyarskiy Kray, the Far East, and Chitinskaya Oblast carried out a large amount of work. The years that have elapsed have confirmed the value of that experience, and the importance of disseminating it broadly. One can already see the major shifts and results that can occur when there is closer coordination of the branch and territorial plans, and can see what new tasks confront us as a result of the adoption of the decree of the CPSU Central Committee and the USSR Council of Ministers, dated 12 July 1979, concerning the improvement of planning and the economic mechanism.

The discussion of the Sverdlovsk experience in working out the comprehensive plan for the development of the national economy of the oblast was the topic of a round-table discussion that was convoked by the editorial office of this magazine at the Institute of Economics, Urals Scientific Center, USSR

Academy of Sciences, the collective of which has become, as it were, the brain center of the experience. The following took part in the work of the round table:

-- M. A. Sergeyev, First Deputy Chairman of the Presidium of UNTs [Urals Scientific Center], director of the Institute of Economics, UNTs, USSR Academy of Sciences, Deputy Chairman of the Council for the Comprehensive Planning of the Development of the Oblast, corresponding member of USSR Academy of Sciences;

-- Z. Sh.Kuchukbayev, head of the Section for the Methodology of Combined Regional Planning, IE [Institute of Economics] UNTs, candidate of economic sciences;

-- I. S. Ioffe, head of a working group of the Council for the Comprehensive Planning of the Oblast, senior scientific associate, IE UNTs;

-- S. A. Lyubimov, member of the Sverdlovsk City Organizing Committee for Comprehensive Planning, senior scientific associate, IE UNTs.

V. M. Makarov, director of Uralkhimmash, in his article which follows, discusses the manner in which a large-scale enterprise is written into the system of planning of the comprehensive development of the oblast.

#### At the Crossroads of Interests

People say that instructors, when asking students where it may be possible to discover a particular mineral, frequently give the limitation "other than the Urals." Actually, practically the entire Mendeleyev table can be found here. However, recently one has heard people say that the Urals are becoming impoverished. At first glance these discussions will appear to be valid. Half the raw materials for the metallurgical enterprises are shipped in: from Kazakhstan, from the Kursk Magnetic Anomaly, from Kola Peninsula. Could it be that the old Urals have given up all their reserves to people? Nothing of the sort! The fact of the matter is that this territory has been studied to a depth of only 500-600 meters, and geologists have extremely approximate ideas of what is located below that depth. And so we shall have to rediscover the Urals.

Here is another fact. In Sverdlovskaya Oblast, in addition to enterprises and production entities that are one of a kind and technically advanced, there are many obsolescent and worn-out enterprises, shops, and assemblies that are reducing the effectiveness of production and creating unfavorable working conditions. Remodeling and technical re-equipping are an objective need for the industry of the Urals. However, this is being done at insufficient rates. In many ministries the predominating effort continues to be the investing of funds in new construction, rather than into the remodeling of the existing enterprises.

And third fact. As they build up their production capacities, a number of ministries (this pertains primarily to Ministry of Ferrous Metallurgy,

Ministry of Timber and Wood Processing Industry, and Ministry of Heavy, Power, and Transport Machine Building) devote insufficient attention to the development of the social sphere, to the housing and everyday conditions of the workers. As a result, difficulties have arisen with regard to the providing of personnel for the projects to be activated.

#### Deepening of Experience

M. A. Sergeyev: All the facts that have been cited graphically illustrate the gap that has formed between branch planning and territorial planning. Society overlooks colossal opportunities. The shipment of raw materials to the Urals alone "eats up" tens of millions of rubles annually.

It is true that the branch approach contributes to the development of a uniform technical policy, to specialization and cooperation within the framework of the ministries. But branch planning is fraught with such negative tendencies as cannot be explained by random mistakes. The development and placement of productive forces is such a complicated process that extremely frequently the decision that seemed optimal from the point of view of the branch proves to be otherwise when one takes the approach of the national economy. That is why, in the decree of the CPSU Central Committee and the USSR Council of Ministers, "Improving the Planning and Intensifying the Effect of the Economic Mechanism Upon Increasing the Effectiveness of Production and the Quality of Work," it is stated outright: improve the development of the draft versions of the plans for development of the branches on a territorial basis. . .

The development of territorial planning is one of the central trends in the improvement of the uniform system of planning and administration of the national economy. Several organizational prerequisites for the harmonious coordination of the branch and regional interests have already been created. Corresponding subdivisions have been created at the Gosplans of the union and autonomous republics, and oblast and kray planning commissions. The rights of the local Soviets have been expanded. Enterprises and associations must now submit the draft versions of plans to the local agencies.

However, everything is not yet going smoothly. There is much that is unclear. For example, there are divergent views as to what specifically constitutes the object of territorial planning. Under present-day conditions it is necessary to refine certain of the methodological principles and organizational conditions for the development of territorial plans for the long and medium-long view. It seems to us that the experience of the Sverdlovskaya Oblast will clear up a few things.

Z. Sh. Kuchukbayev: That experience had a rich prehistory. Since time immemorial, the Urals have been considered an experimental field for the initiation and development of territorial planning. The first drafts of the five-year plan for 1922/1923-1926/1927 appeared here as early as 1923. The Plenum of USSR Gosplan deemed the plan to be sufficiently substantiated and proposed that it be tied in with the national economic plan.

One landmark was the "Five-Year Plan for the Development of the Industry of the Urals in 1925/1926-1929/1930." Its basic principles were discussed and approved in late 1926 by RSFSR Council of People's Commissars.

Something else that became an especially important landmark was the draft of the general plan for the development of the Urals for 15 years (1927-1941), as the Urals section of the country's general plan. That work represents tremendous value. Its methodological principles continue to be valid to the present day. The basic pivot for the approach developed at that time was the ascertainment of the optimal lines for the economic and social development of the region in the interests of the country's national economy.

History brought its amendments to the implementation of those scientific ideas. A new stage for the Urals in the improvement of territorial planning was provided by the developments that were undertaken in Sverdlovskaya Oblast after the 23rd and especially after the 24th and 25th CPSU Congresses. The people of the Urals were brought to that by the NOT [scientific organization of labor] movement that was extended broadly in the 1960's. The beginning for that was laid in 1966, when, at the Pnevmostroymashina Plant in Sverdlovsk, there was drawn up a uniform five-year comprehensive plan for technical progress, the scientific organization of labor, production, administration, and social development. It took in about 15 plans that existed at that time at the enterprise. This integrated program for the development of the enterprises suited both the administrators and the working collectives at the plant, especially since, at that time, no uniform methodology for comprehensive planning existed.

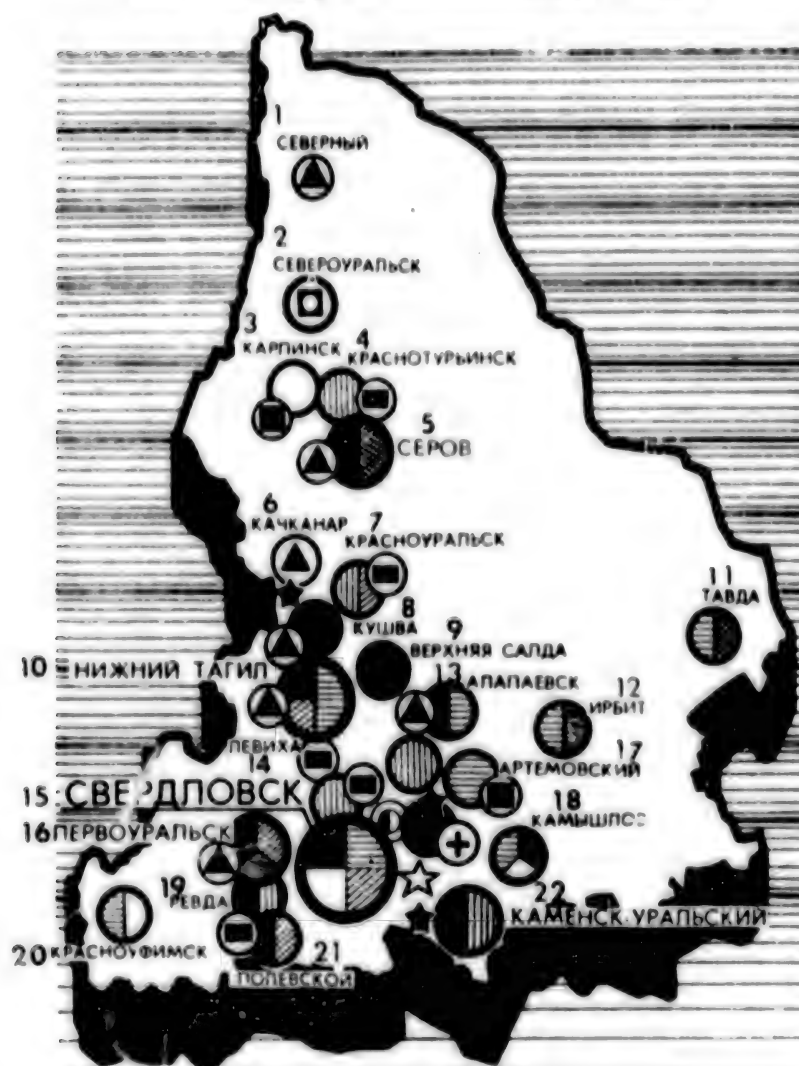
In the 8th Five-Year Plan, a total of four plants were operating on the basis of comprehensive plans in the oblast; in the 9th, more than 100; and in the 10th, approximately 200.

One of the peculiarities of the comprehensive approach to five-year planning at the enterprises was the concrete relationship between those plans and the development of the rayon, city, oblast. In conformity with the uniform methodology, when drawing up the five-year plans for the enterprises, the territorial interests were tied in with the branch interests in two directions: consideration was taken of the local interests in the plant plants and the plant interests in the plans for the development of the rayon or city.

But the city plan or a rayon plan is not the mechanical sum of the comprehensive plans of the enterprises. That forced us to think a bit about the principles of combining the branch and territorial planning.



# Economic Map of Sverdlovskaya Oblast



## [Key]

- 1 - Severnyy
- 2 - Severoural'sk
- 3 - Karpinsk
- 4 - Krasnotur'insk
- 5 - Serov
- 6 - Kachkanar
- 7 - Krasnoural'sk
- 8 - Kushva
- 9 - Verkhnyaya Salda
- 10 - Nizhniy Tagil
- 11 - Tavda
- 12 - Irbit
- 13 - Alapayevsk
- 14 - Levikha
- 15 - Sverdlovsk

- 16 - Pervoural'sk
- 17 - Artemovskiy
- 18 - Kamyshlov
- 19 - Revda
- 20 - Krasnoufimsk
- 21 - Polevskoy
- 22 - Kamensk-Ural'skiy

(1) УСЛОВНЫЕ ЗНАКИ

(2) ОБРАБАТЫВАЮЩАЯ ПРОМЫШЛЕННОСТЬ	ДОБЫЧА (10)
(3)  — МАШИНОСТРОЕНИЕ И МЕТАЛЛООБРАБОТКА	 — КАМЕННОГО УГЛЯ (11)
(4)  — ЧЕРНАЯ МЕТАЛЛУРГИЯ	 — ЖЕЛЕЗНЫХ РУД (12)
(5)  — ЦВЕТНАЯ МЕТАЛЛУРГИЯ	 — МЕДНЫХ РУД (13)
(6)  — НЕФТЕХИМИЧЕСКАЯ	 — АЛЮМИНИЕВЫХ РУД (14)
(7)  — ДЕРЕВООБРАБАТЫВАЮЩАЯ И ЛЕСОХИМИЧЕСКАЯ	 — ЗОЛОТА (15)
(8)  — СТРОИТЕЛЬНЫХ МАТЕРИАЛОВ	 — АСБЕСТА (16)
(9)  — ЛЕГКАЯ И ПИЩЕВАЯ	

(17) ЭЛЕКТРОСТАНЦИИ

(18)  — ТЕПЛОВЫЕ

(19)  — АТОМНАЯ

<p>Key: 1 - Legend</p> <p>2 - Processing industry</p> <p>3 - Machine-building and Metal Processing</p> <p>4 - Ferrous metallurgy</p> <p>5 - Nonferrous metallurgy</p> <p>6 - Petrochemical industry</p> <p>7 - Wood-processing and wood-chemistry industry</p> <p>8 - Building-materials industry</p> <p>9 - Light and food industry</p>	<p>15 - Gold</p> <p>16 - Asbestos</p> <p>17 - Electric-power stations</p> <p>18 - Thermal</p> <p>19 - Nuclear</p>
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10 - Extraction of:

11 - Hard coal

12 - Iron ores

13 - Copper ores

14 - Aluminum ores

## From Principles to Structure

I. S. Ioffe: We are convinced that it would be desirable to develop the territorial plans simultaneously with the branch plans, in a coordinated manner, carrying out reciprocal correction at all stages of preparation of the draft plans.

That is exactly how we worked on the draft versions of the basic trends for development for the 10th Five-Year Plan, and how we are working on the 11th Five-Year Plan. We took into consideration both the branch drafts and the territorial drafts prepared by central organizations (SOPS [Council for the Study of Productive Forces], attached to USSR Gosplan; TsENII [Central Scientific-Research Economic Institute], attached to RSFSR Gosplan). This kind of interrelationship helps to overcome both the departmental approach and any possible manifestations of an excessively local approach. Subordinated to this principle are the work stages and the procedure for submitting oblast drafts to superior agencies, which procedure, however, in our opinion, needs official reinforcement.

Z. Sh. Kuchukbayev: Our drafts for the long-term period until 1990 and for the five-year plan encompass all branches and spheres of the economy and culture. This is reflected also in the structure of the plan. It includes the following sections:

- the use of labor resources;
- the use and protection of the natural resources;
- the development of the branches of material production;
- fixed assets and capital investments;
- the public's standard of living;
- the comprehensive improvement of planning and administration of the economy of the region, cities and rayons, industrial and other centers;
- the level of development and effectiveness of the economy.

It is important for each section and subsection to reflect the tasks that are common for the entire period and that are specific for each five-year period. This is aided by the system of indicators. The system characterizes the essence and scope of the tasks, the degree of their resolution, and other parameters. The unity of the sections and indicators of the long-term and five-year plans guarantees the sequence and continuity in planning, with the constant orientation on long-term planning.

I. S. Ioffe: We divided the entire totality of indicators and measures in the oblast plan into groups at the union, republic, and oblast level. That subdivision helped us to formulate in a more substantiated manner the proposals for the republic-level and union agencies and to resolve more correctly the problems that depend upon the local agencies.

M. A. Sergeyev. I would like to direct attention to an important methodological approach: the providing of a balanced substantiation for all sections of the long-range plan. In the course of analyzing the proposals and tendencies for development, a large number of oblast-wide, branch, zonal, and rayon balance sheets were developed. These include: balance sheets for labor resources; land and water-management balance sheets; a fuel-and-energy balance sheet that has been optimized with a consideration of union limitations; dozens of material balance sheets; etc.

For the first time in the practice of regional planning, for the 11th Five-Year Plan and until 1990 it was possible to develop an interbranch balance sheet for the production and distribution of output as an instrument for planning economy-wide and interbranch proportions. As a result, we have generalized reporting and long-range planning indicators for the economic development of the oblast -- such as the global social product, its organic structure, the distribution of the national income, interbranch and inter-rayon connections, etc.

#### Forming the Basis is the Target-Program Approach

The organization of the development of plans for the comprehensive development of a region can be represented arbitrarily in the form of a two-level structure (Fig. 1). The first level includes four blocks:

- form sets and basic hypotheses for the development of the regions;
- definition of the goals and needs for the development of the national economy and the culture;
- adjustment of the growth rates, the trends of development, and the structural shifts in the national economy of the region;
- the distribution and effective use of the material, labor, and financial resources.

The basic tasks in the blocks at the second level are the development of the concept for the development of the national economy in the region, and the coordination of scientific research to prepare the draft version of the plan. The second level includes the following blocks:

- comprehensive interbranch and regional programs;
- block of the branches;
- block of the leading enterprises;
- block of cities, rayons, industrial centers.

I would like to say a few words about comprehensive target programs. They are closely interrelated and have been subdivided into four groups. Each of them has its own goals, and, at the same time, they are united by problems that pertain to all of them. And this is what guarantees the comprehensive approach. Let us say that that, in each group, problems of water supply are being considered. A limit for the consumption of fresh water has been established for the oblast, the cities, the TPK (territorial-production complexes), and enterprises. Assignments have been issued for the re-use of water, for the shared participation in the construction of

engineering structures for common use, in the construction of water reservoirs, and in the remodeling of existing ones.

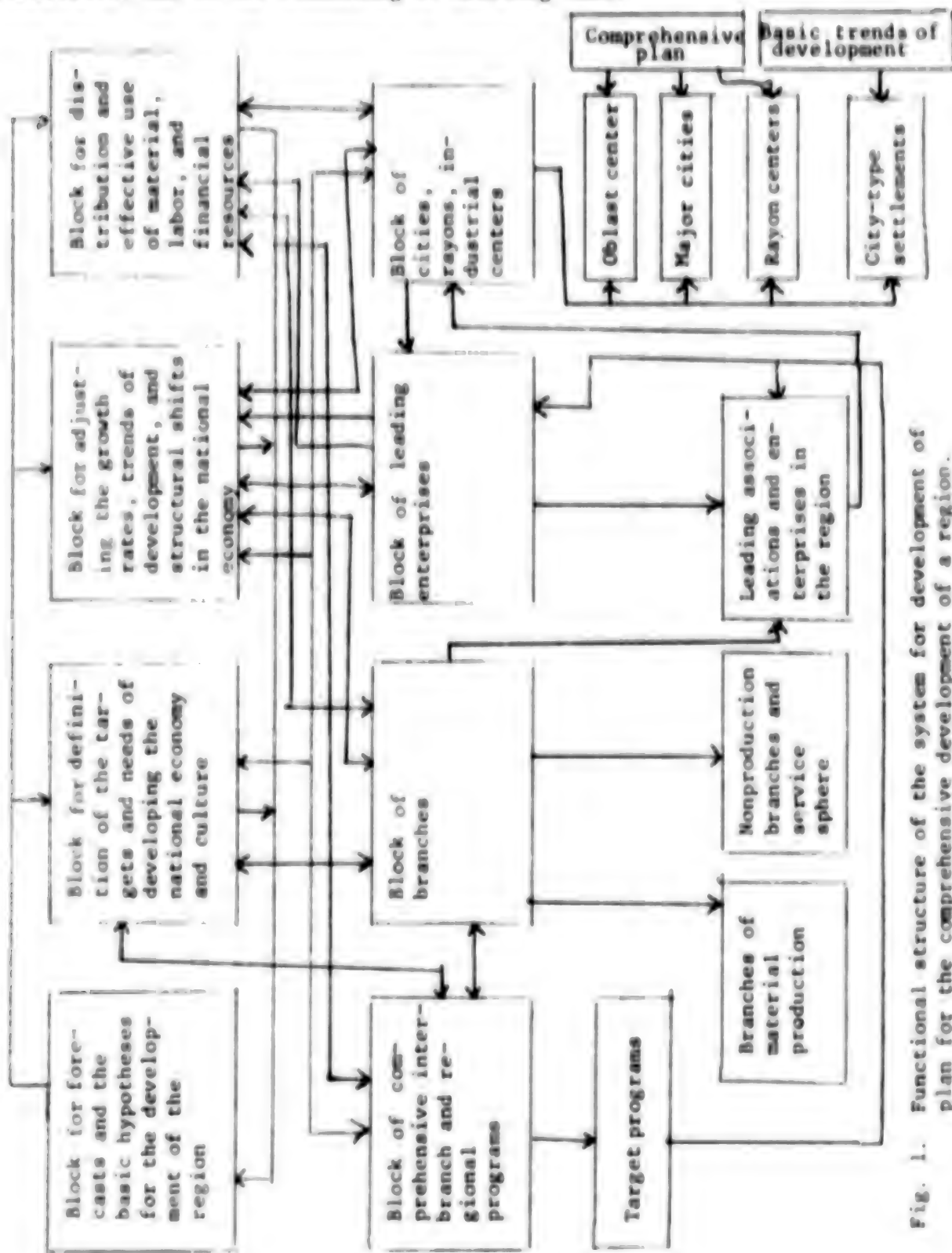


Fig. 1. Functional structure of the system for development of plan for the comprehensive development of a region.



The other problems are represented analogously. In particular, for the purpose of lessening the overloading of the balance sheet for labor resources, limits have been established for the number of personnel at all enterprises.

In general, however -- in the ideal situation -- we strive to form a uniform program for the development of the Urals economic region. The increase in the effectiveness of such industrial regions as the Kuzbass, Donbass, Central Russia, and our Urals, is an acute necessity. Of course, the rapid development of Siberia and the Far East is the chief condition for the accelerated, stable development of the entire country. But we must in no way allow a decline in the effectiveness in the old industrial regions. As for the Urals, the equipment has become obsolete and fixed assets have worn out. It is necessary to take energetic steps to renew them within the framework of the uniform program. I would call that program a program for regional long-term intensification of the industry in the Urals.

I would now like to discuss briefly the content of our programs. The first program is aimed at increasing the productivity of labor and at making efficient use of labor resources. The necessity of this program is influenced by the increase in the volumes of production, as a rule without an increase in the number of personnel. Computations have indicated that during the 11th and 12th Five-Year Plans things will not become any easier with regard to the labor resources in the oblast. During that period the able-bodied population will be reduced by an amount that is equal to half its increase during the 10th Five-Year Plan. There will also be a reduction in the share of the able-bodied population. Therefore the program provides for the devotion of the basic attention to the complete increase in labor productivity on the basis of accelerated technical progress and the improvement of the organization of labor. We attach special importance to the comprehensive mechanization of heavy and labor-intensive operations, primarily loading-and-unloading, transport, warehouse, and other auxiliary operations. The measures to reduce the use of manual labor in the national economy of the oblast have been put into a special subprogram.

The economizing of live labor is an important means, but not the only means, for increasing the effectiveness of the economy. In the structure of production, the expenditures of past labor have the absolute predominance -- approximately 80 percent. Frequently, live labor is economized at the expense of the overexpenditure of past labor. And this not only reduces the effectiveness of production, but also aggravates the shortage of labor resources. Therefore, a group of programs stipulate the economizing of material resources and the comprehensive use of mineral raw materials.

The second target program optimizes the fuel-and-energy balance sheet. Steps are set down for the efficient use and economizing of fuel and energy.

The successful fulfillment of the third program -- the comprehensive use of mineral raw materials and industrial by-products and waste -- greatly

depends upon the coordinated actions of the ministries and departments that deal with this.

It is well known that, despite the tremendous production of metal, the shortage of metal has not been decreasing. And yet, with an increase in the volumes of production, the economizing of metal is becoming more and more important. The development and implementation of the fourth program -- the efficient use and economizing of ferrous metals -- will increase the state of balance in the development of the metal-producing and metal-consuming branches.

The development of other target programs is also underway: the fifth -- the remodeling, technical re-equipping, and expansion of enterprises; the sixth -- the development of the building industry, with a consideration of the efficient distribution of capital investments throughout the oblast. A program that is of vital importance is the program for the development of transportation and the formation of the optimal motor-roads network. This will greatly influence the fulfillment of many tasks in the economic and social development of the oblast.

The increased tension in the ecological situation in a number of cities in the oblast, the accelerated rates of exploitation of the natural resources, have predetermined the formation of a special program. The problem of protecting the environment is exerting a constantly growing influence upon the development and placement of productive forces. The ninth program is the expansion of production of consumer goods at enterprises in the oblast. The tenth is the further development of scientific potential, the increase in the effectiveness of scientific research, and the accelerated introduction of the results of that research. And, finally, the eleventh program is the moral education of the workers.

I. S. Ioffe: A mechanism has been developed to correlate and reflect the target programs in the five-year plans of the associations and enterprises, cities and rayons. The main link that assures the implementation of the target programs is made up of the associations and enterprises. It is they who develop the indicators and measures for the target programs in the corresponding sections of their five-year plans. And the capital investments, and the material, labor, financial, and other resources, that are necessary for this are included in the overall investments and resources for the association within the confines of the established limits, norms, and assets.

For ease in administration, monitoring, and organization of the execution of the programs, in addition to the inclusion of the basic, total indicators into the composite five-year comprehensive plan for the association, for each target program, in the form of an appendix to the five-year plan, there is formed an independent document, which unites all the indicators and measures in the particular program. And for ease in combining the enterprise programs into generalized territorial ones, they are developed according to a uniform system of indicators and forms that have been established by the lead organizations.

The enterprises coordinate their measures and program indicators with the lead organizations both at the draft stage and after the approval of the five-year plan

M. A. Sergeyev: The target-program approach has become firmly established in the practice of planning scientific-technical progress and economic and social development. In the 10th Five-Year Plan on recommendations of the oblast-level scientific-practice conference, the oblast is carrying out 90 scientific-technical and production programs. A number of specific programs, in addition to the oblast-wide ones, are being created for the 11th Five-Year Plan by the cities of Sverdlovsk and Nizhniy Tagil. And Uralkhim-mash is developing a program for giving assistance to the young family.

#### Cities in the Plan System

S. A. Lyubimov: A major city is the combination of the most vital social and economic problems. A forecast has indicated that by 1990 the population of Sverdlovsk and the settlements gravitating toward it will reach more than 2 million persons, that is, more than half the population of the oblast. The experience of the past five-year plan attests to the fact that the socioeconomic development of large-scale and very large-scale cities lends itself completely to planned regulation.

In the 9th Five-Year Plan Sverdlovsk lived for the first time in accordance with a comprehensive plan for development. That plan was developed by 200 enterprises and organizations, branch NII [scientific-research institutes], and design and academy institutes. Forming the basis of the plan were the computed balance sheets for resources of interbranch and territorial importance. The indicators in the draft plan were adjusted as needed. On the basis of the role and importance of the enterprise, as well as the structure of the plan, the plan developers established volumes of capital investments in the development and reproduction of the social-everyday and production infrastructure of the city. Inasmuch as the plan was based on the forms and methodology of USSR Gosplan and the republic Gosplan, any indicator in the city's comprehensive plan could be used at any level, in the branch or territorial cross section.

In August 1970 the five-year plan for the development of Sverdlovsk was coordinated in 23 union and 92 union-republic ministries and departments, and in March 1971 it was approved. The basic assignments were overfulfilled. A conventional annual saving of more than 370 million rubles was obtained. Sixteen thousand industrial-production workers were liberated from heavy manual operations. The repayment period for the capital investments to improve production proved to be equal to 1.9 years.

However, certain disproportions were retained. The enterprises in the food and meat-and-dairy industry were developing more slowly, and not everything that was planned to be done to clean up the environment was successfully fulfilled. Individual machine-building ministries were too slow-moving in re-equipping their enterprises.

That was taken into consideration when developing the comprehensive plan for Sverdlovsk for the 10th Five-Year Plan, and it was therein that the succession of the process manifested itself. The document for the second period was prepared in only a year, whereas the preparation for the first one required two years.

A key question in the development of a realistic state of balance in the comprehensive plan for the development of the city is the guaranteeing of the interrelationship of the plans of the associations and enterprises with the city city plan. Scientific results and experience have yielded methodological methods for assuring this interrelationship:

- the inclusion in the associations' five-year plans of uniform indicators and measures for the city's comprehensive plan;
- the taking into consideration of the recommendations of the city planning and administrative agencies in the associations' draft plans;
- the tying in of the territorial balance sheets with the enterprise plans and with the city's organizations;
- the inclusion in the finally approved five-year comprehensive plan for the development of the city of indicators and measures in the plans for all the associations and enterprises in the city, irrespective of the department to which they are subordinate, in conformity with the assignments of the ministries and departments.

I would like to note that the city's comprehensive plan has had time to earn authority. That was especially noticeable when coordinating the indicators at the ministries and departments. With regard to the limitations -- number of industrial personnel, consumption of water, volumes of capital investment, shared participation in the development of the urban economy -- the indicators of the comprehensive plan, as a rule, were accepted. Both sides proceeded from the assumption that the effective resolution of the branch tasks locally depends largely upon the people's living conditions, upon the total number of services provided in the city.

The implementation of the plan for the 10th Five-Year Plan promises a benefit of more than 1.2 billion rubles. We expect that, conditionally, approximately 76,000 persons will be freed, and there will be a reduction by approximately 230 million rubles in the production costs.

#### Stages of Coordination

M. A. Sergeyev: The readers would apparently be interested in the organizational side of the situation. To avoid any misunderstandings, I would like to re-emphasize that the basis of our approach is the development chiefly of the pre-planning materials for the development of the oblast and the city for a certain period of time. They must anticipate the appearance of both the branch plans and the territorial plans. For that purpose it is necessary constantly to correlate the local studies with the union and



republic concepts. Taking that into consideration, we adopted the procedure of considering our proposals and their adjustment in a series of stages. And it is already obvious that it is completely possible to have a draft plan for the development of the oblast not after the union and republic plans have been approved, but while they are still in the thinking stage.

Naturally, when thinking about the content of each stage, their procedure, and logic, we proceeded from the July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers, which required the USSR ministries and departments to improve the development of draft plans for the development of the branches in the territorial cross section and to assure the joint consideration of those draft plans with the Councils of Ministers of the union republics.

However, inasmuch as no detailed procedure of coordinating the territorial and branch interests in the plans was stipulated by the decree, I would like to acquaint the readers with what we ourselves arrived at.

We proceeded from the fact that usually, even before obtaining the control figures for the next five-year plan, the enterprises already know which tasks will be assigned to them. That is sufficient to allow one to engage in the pre-planning drafting of the comprehensive development of the territory. And when the control figures do arrive, one begins to adjust the five-year plans for the development of the enterprises, and, on that basis, the development of the territory.

Of course, one cannot avoid differences of opinion here with regard to individual questions involving certain branches. If we do not come to a compromise, we forward those differences of opinion for consideration at the RSFSR Council of Ministers, or, if need be, for consideration by Gosplan and the government at the national level. After resolution at these levels, all disputes cease. The approved five-year plans of the enterprises become elements in the plans for the development of the cities, rayons, and the oblast as a whole.

I. Sh. Kuchukbayev: It was from those considerations that we proceeded, when considering what should be done at each organizational stage. However, before speaking about the content of each stage, I would like to direct attention to certain preliminary analytical studies. The essence of these studies lies in the fact that an analysis was made of the state of the economy and culture in the oblast, its role in the union-wide and republic-level distribution of labor, and its ties with other regions. How do the favorable and limiting factors operate upon the development of the productive forces and the increase in effectiveness? We also developed an overall concept that takes into consideration the raising of the public's standard of living and the tendencies of technical progress.

Having an idea about these things, we were able to begin to make a preliminary forecast of the possible optimal use of all the resources,



to estimate the rates and levels of development of the branches of production and services, capital investments, and their structure. This data helped to work out the basic economic and social problems in the development of the oblast during the five-year period.

And now we shall discuss the specific content of each stage of the work on the draft of the five-year plan for the development of the oblast (Fig. 2).

1. Analysis is made of the rate and degree of fulfillment of the current -- in this instance the 10th -- five-year plan. Generalization of the results of the preliminary consideration of the already existing considerations dealing with the development of enterprise up until 1990. Study of the prospect for the development of the branches, the needs for output produced by enterprise in the 10th and 11th Five-Year Plans (including export). Analysis of the tendencies of technical progress, the best domestic and foreign experience.

As a result, one forms hypotheses for the effective development of the region's economy, and one incorporates in the forecasts the developmental tendencies that have formed, and isolates the factors that help that process, or, conversely, inhibit it. The synthesis of the hypotheses and forecasts provides the concept for the development of the region. Forming its basis is the system of goals in the regional development for the period being planned.

2. Pre-planning substantiations and computations. Development of comprehensive plans, and then of sections of the plans. Preliminary coordinations. We attempt to complete this stage before the enterprises receive the control figures.

3. Development of the draft version of the five-year plan; submittal and coordination of it at the ministries and departments. This stage is the final one, after the receipt of the control figures. At that time, adjustments are made into the draft version of the five-year plan.

In individual instances, additional substantiation is provided for the desirability of the partial change of control assignments reported by the ministry or department, and of the economic norms, with a consideration of the recommendations of the local agencies and the results of research and design operations.

At this stage the enterprises are required to submit to the city or rayon executive committees the draft versions of the five-year plans and to receive their findings. The oblast planning commission generalizes the findings of the city or rayon executive committees and lead organizations. They are considered as a whole by the oblast Council for Comprehensive Planning and, with a consideration of its recommendation, are submitted in the established procedure to RSFSR Gosplan, RSFSR Council of Ministers, and to the union agencies.

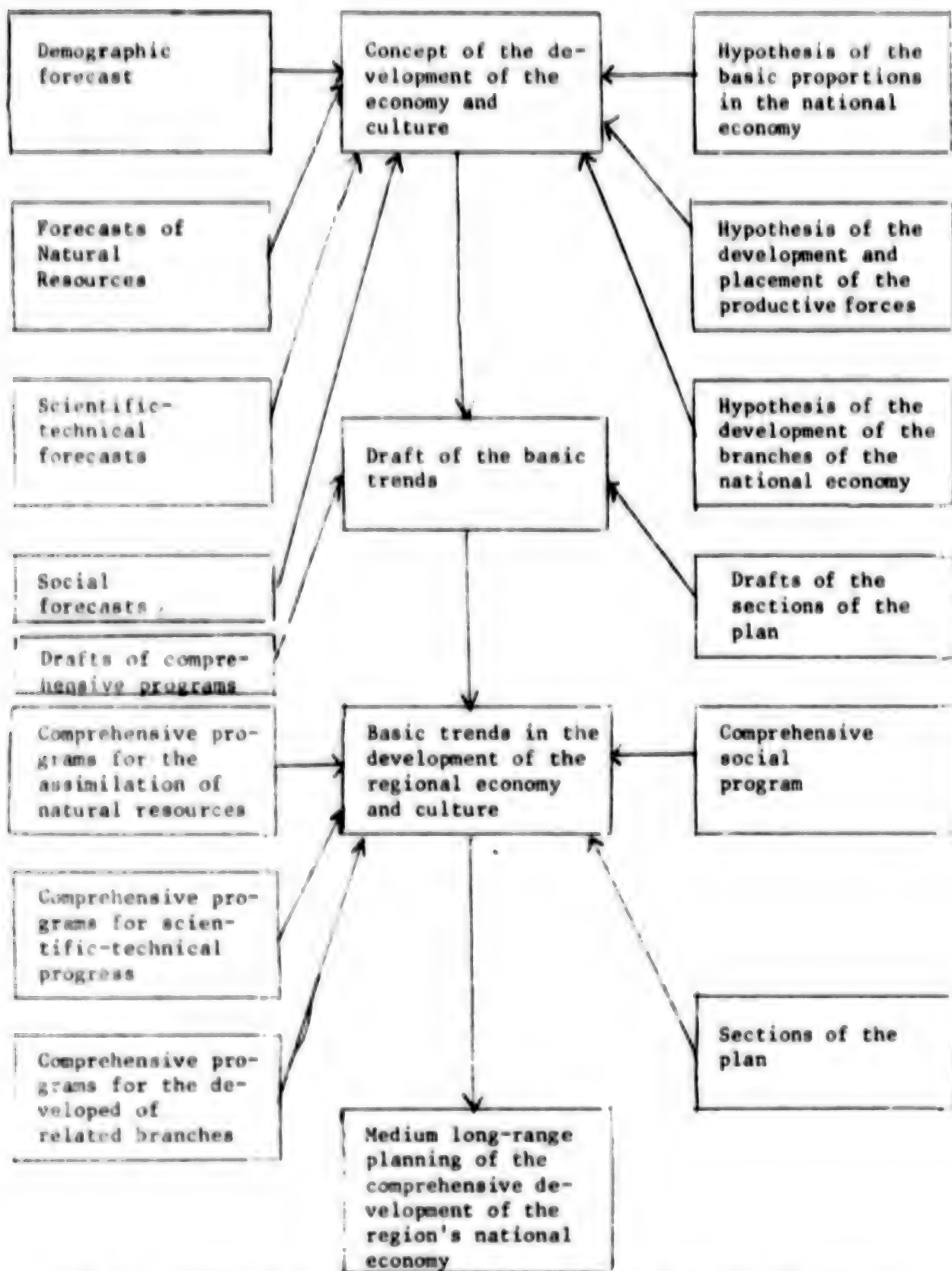


Fig. 2. Stages in the development of long-range plan for the comprehensive development of a region.

After the ministries have approved the five-year plan and the economic norms for 1981-1985 (with a breakdown by individual years), the enterprises communicate their indicators to the oblast planning commission, the city and rayon planning commissions, and the organizations that are the lead ones with regard to branches and target programs.

I. S. Ioffe: This painstaking and complicated work is headed by the party and Soviet agencies in the oblast. In May 1972 the CPSU Oblast Committee, by a special decree, formed a coordination Council for the Development of Draft Versions of Comprehensive Plans for the Development of the Oblast, the guidance of which was made the responsibility of the second secretary of the party's oblast committee.

The Council is made up of administrative party, Soviet, economic, trade-union, and Komsomol workers, scientists and leading specialists from the academy and the branch scientific-research institutes, higher-educational institutions, managers of large-scale enterprises and production associations, and innovators of production. A working group was created as a permanently operating agency of the Council, and corresponding councils and organizational committees were formed under the city and rayon party committees.

The analysis, survey work, research, and development of the programs are carried out by the executor and co-executor organizations. The working group of specialists and scientists from various organizations engages in the coordination. All the fundamental questions are periodically discussed at expanded sessions of the oblast Council, with the participation of a broad group of activists. The rate of preparation of the draft versions of the comprehensive plans for the development of the oblast are repeatedly considered by the bureau of the party's oblast committee.

A number of conferences and seminars were conducted along the line of the Soviet agencies and their planning commissions. The participation of the local Soviets of People's Deputies, their executive committees, and deputy branch commissions was an important organizational factor in preparing the draft versions of the plans. More than 500 enterprises, organizations, and institutions were involved in this job, and all the branch divisions of the party's oblast committee, the city committees, and the rayon committees of the CPSU, the party committees of production associations and enterprises, the oblast council of trade unions, the oblast Komsomol Committee, the oblast NTO [Scientific and Technical Society] council, and other public organizations participate in it.

The guidance in scientific methodology has been made the responsibility of the Institute of Economics, UNTs, USSR Academy of Sciences, which prepared the work program and the methodological and other documents. A very important factor was the broad participation, in the work of the Council, of scientific-research and design institutes, leading scientists and specialists, and the entire scientific community in Sverdlovsk. In necessary instances, participation was requested from scientific institutions in Moscow.

Leningrad, and other cities, which engage in problems of the development of the productive forces of our kray.

In the course of the work on the comprehensive plan, a new mechanism was developed and verified for assuring cooperation between science and production, when each section of the plan was headed, as a rule, by a major scientific-research or design institute or an institution of higher learning, and it was aided by co-executors -- the interested enterprises and institutions. They operated in accordance with uniform coordination plans, created comprehensive brigades and working groups, and concluded contracts among themselves.

At such large-scale enterprises as Uralmash, Uralvagonzavod, Uralelektrotyazhmash, Uralkhimmash, the Ural Turbomotor Plant, the Machine-Building Plant imeni M. I. Kalinin, the Pervoural'sk New Pipe Plant, Pnevmostroy mashina, Uralgidromash, and the Nizhniy Tagil Metallurgical Combine, time-responsive monitoring and accounting of the fulfillment of measures of the five-year and annual comprehensive plans is being carried out by comprehensive planning divisions or bureaus. All the information is processed in accordance with a special program and is used for time-responsive guidance.

The block system of developing the comprehensive plans for the development of the oblast required special organizational approaches, since each block is a totality of the plans and the groups of measures, the specifics of which require the different organization of their development. A mechanism for the complete intercoordination of the blocks was also required.

Therefore specialized organizations were placed at the head of the blocks. For example, the oblast division for construction and architectural matters, of the Sverdlovskaya Oblast Executive Committee; the Sverdlovsk-grazhdanproyekt and Uralgiprosel'khozstroy, and other institutes prepared draft versions of the plans for the development of the cities and rayons, and territorial-production complexes, with the simultaneous development or adjustment of the scheme for the rayon planning of the oblast, the general plans of the cities, and the schemes for the rayon plannings of the industrial and rural rayons. Those operations were included in the topical plans for the particular organizations, and were financed through RSFSR Gosstroy and the oblast executive committee.

In the block of leading enterprises, under the leadership of the Institute of Economics, UNTs, USSR Academy of Sciences, their chief designers and corresponding scientific and design organizations worked on the plans.

The oblast Council for Comprehensive Planning, attached to the CPSU Oblast Committee, preliminarily approved special statutes governing the lead organization and the executors, and defined their rights and duties, the work procedure, and other questions. In particular, they were given the responsibility for the preparation of the working methodologies, and were granted the right of preliminary coordination in the interested agencies, ministries, and departments.

M. A. Sergeyev: People might ask what we have achieved, other than creating a lot of paper. But at the present time one can already note certain desirable shifts, although, obviously, an insufficient amount of time has passed.

One can already notice a greater state of balance, for example, between the production and the nonproduction spheres. The number of persons employed in the latter sphere during a five-year period increased from 22 to 24.5 percent and has a distinct tendency toward growth. Established limits for the number of personnel, and a system of priorities, have proved to be a reliable regulator.

The territorial preplanning studies made it possible at the enterprises also to move far ahead. Long-term planning for a 10-15-year period has become a reality there. Uralmash and Uralkhimmash have acted as the initiators. The Oblast Council for Comprehensive Planning in 1972 approved their initiative and recommended it for broad dissemination.

At the present time the long-range plans are operating in full force at many enterprises. Long-range programs for the development of the enterprises -- programs coming up from the bottom, fitting in with the forecasts for the development of the branch, and tied in with the territorial problems -- have proven to be extremely effective. The labor collectives have become convinced of that.

And now a few words about what the comprehensive programs of the enterprises have yielded. For an example let us take a group of plants in Sverdlovsk, which, in addition to large-scale plants, also includes medium-sized ones. They all have high assignments for the 10th Five-Year Plan. For example, for Pnevmosgroymashina, an increase of production by 47.3 percent has been planned, and an increase in labor productivity, by 47.3 percent; for Sverdlovskmashpribor those indicators are supposed to increase, respectively, by 30 and 28 percent; and for the plant for municipal machine-building, those indicators are 45.8 percent. The enterprises are coping successfully with these assignments.

As a result of the increase in labor productivity for that group of enterprises in 1975 there was an 88 percent increase in output. In 1980 it was planned to obtain 96 percent, but now even that substantial figure has been increased. Favorable changes are also occurring with the coefficient of replaceability of equipment. In 1975, for the group of enterprises that we have taken, it was equal to 1.4. There are all justifications for expecting that in 1980 that coefficient will rise to 1.53. And at individual enterprises it will be even higher. As a whole for that group of enterprises the effectiveness of production in the 10th Five-Year Plan will rise by a factor of 1.6.

Statistical illustrations (see Tables 1 and 2) indicate that the improvement in the situation with regard to the cities is occurring more rapidly than previously. The plans for the development of the cities have begun to be executed much more precisely, although not completely as yet. After all,



obtaining from the branches the funds for the development of the infrastructure in the cities is not yet everything. Usually those funds have a specific purpose indicated, and from the top it is not always possible to see where it would be most effective to channel them. We strive to see that those funds are disposed of locally, and we are most frequently successful in doing this.

Table 1

Several indicators for the comprehensive plan for the development of Sverdlovsk for 1971-1975 and the first four years of the 10th Five-Year Plan

Indicators 1	1971-1975		1976-1979	
	plan	report	plan	report
	2	3	4	5
Volume of production of commercial (gross) output, percent	146.6	146.2	112.1	113.2
Increase in labor productivity, in terms of a single worker, percent	140.0	136.8	114.4	114.2
Number of industrial-production personnel, percent	104.8	106.9	99.8	100.2
Volumes of state capital investments, million rubles	1400	1657	1351.5	1296.7
including:				
for projects destined for production use, million rubles	650	1057	781.6	730.0
for projects destined for nonproduction use, million rubles	750	600	569.9	553.7
Activation of technical-occupational school, thousands of places	--	3.0	2.8	3.24
Production of commodities for cultural-everyday and household use, million rubles	650	710	554.24	585.2
Retail commodity turnover in state and cooperative trade, including turning of enterprises of public nutrition, million rubles, average for the year	--	5683.6	5626	5552.9
Activation of preschool institutions financed by state capital investments, thousands of places	10.0	10.33	12.3	14.7
Activation of general-educational schools financed by state capital investments, thousands of places	20.4	12.04	16.1	16.36
Activation of hospitals, thousands of beds	4.4	3.6	2.23	3.21
Activation of housing financed by state capital investments, thousands of square meters of total area	2025	2960.2	2279.4	2436 0

## The Number of Problems Has Not Decreased

It has now become possible to compute the variants of the plan, but the questions of reproduction are still not clear. Many branches do not determine how many funds will be channeled into remodeling, into new construction, and this pertains even more to the situation on a territorial basis. And yet this is what determines the fate of technical progress. And there are other instances where there is a conflict of interests. The Oblast Council for Comprehensive Planning defends, for example, the mandatory fulfillment by the enterprises of the annual plans in the five-year-plan cross section, but certain branches cannot in any way reject the adjustment of the assignments, and this dampens the ardor of the collectives.

S. A. Lyubimov: Certain factors that pertain to the plans for the development of cities are not yet clear. For example, USSR Gosplan in its decree proposed isolating Sverdlovsk as a separate line in the five-year plan for the development of the republic's national economy for the 10th Five-Year Plan, but that decision was not extended to the 11th Five-Year Plan. And a number of problems immediately surfaced.

The planned regulation of the life of the largest cities should be viewed together with the improvement of the territorial planning in the country. Today these cities of oblast or kray subordinate, which are very complicated economic complexes, can carry their concerns only to the divisions of the oblast or kray executive committees. But the enterprises have an exit to the highest level.

Obviously, it would be desirable to think a bit about whether these cities -- regional and interregional centers of the RSFSR with a million or more inhabitants -- should be put into the group of republic subordination. Especially since this possibility has been stipulated by the new RSFSR Constitution. As an immediate task one can isolate the group of the largest cities as projects of national-economic planning by a separate line in the five-year plans of the RSFSR and, correspondingly, in the annual plans of the USSR national economy.

In the 10th Five-Year Plan, Tyumen', Chelyabinsk, and Orenburg are developing in accordance with the comprehensive plan. The Sverdlovsk methodological recommendations are being used in Simferopol', Frunze, Tallin, Krasnoyarsk, and a number of other cities. And they, consequently, will live, or, at least, attempt to live in accordance with the comprehensive plans. I say "attempt" because, for the time being, unfortunately, comprehensive planning in the major cities is not being written into the overall technology of planning. The country's government is certainly not going to issue a decree for each individual instance! Obviously, the time has come to resolve this problem once and for all, and all the prerequisites exist for doing this.

M. A. Sergeyev: Thorough-going scientific interest in territorial planning in the spirit of the decree of the CPSU Central Committee and the USSR

Table 2

Certain indicators for the comprehensive plan for the development of  
Nizhny Tagil for 1971-1975 and the first four years of the 10th Five-Year Plan

Indicators	<u>1971-1975</u>		<u>1976-1979</u>	
	comp. <u>plan</u>	<u>report</u>	comp. <u>plan</u>	<u>report</u>
Volume of production of commercial (gross) output, percent	118	119.3	114.1	111.7
Increase in labor productivity, percent	117.3	123.8	111.7	111.6
Number of industrial-production personnel, percent	101.3	95.7	101.0	102.0
Volume of state capital investments, million rubles	818.4	763.2	794	731
including:				
for projects destined for production use, million rubles	654	587.5	623	572
for projects destined for nonproduction use, million rubles	164.4	175.7	171	159
Activation of preschool institutions financed by state capital investments, places	1820	1960	3920	3780
Activation of general-educational schools financed by state capital investments, places	3600	4032	7144	7440
Activation of housing financed by state capital investments, thousands of square meters of total area	825	814.7	674.5	741.7

Council of Ministers, "Improving the Planning and Intensifying the Effect of the Economic Mechanism Upon Increasing the Effectiveness of Production and the Quality of Work," presents us with a large number of problems and forces us to think a bit about untraditional resolutions. Take, for example, the problems of raw materials. Somebody once got the idea that it is easier to ship raw materials to the Urals, and to use the open method to extract the existing ones. Then, they said, it would not be necessary to go digging a kilometer or deeper under the ground. As a result, the geological-prospecting operations lagged behind. And now people suddenly ask themselves: who is shipping ore to look for ore? But time has been lost, and so have opportunities, and it is not such a simple thing to make up for lost time. I think that if the role of the local agencies is increased, miscalculations like this will be precluded. Or take another example. It is well known that out of 20 components

present in iron ore, the enterprises of the Ministry of Ferrous Metallurgy extract only a few. The rest goes into the waste heaps. If the territory had its way, it would not tolerate this squandering of resources.

New tasks also confront the scientists in the more diverse areas. There are 227 branch scientific-research and design organizations in the Urals. Until the appearance of territorial preplanning studies, their capabilities were greatly underused. Some of them became accustomed to a single approach to a problem and did not want to hear about any other approach. I shall explain what I have in mind. Metallurgists traditionally aim at the production of liquid metal and are dissatisfied when people start talking about rolled metal. It is understandable that turning the science of a branch in the necessary direction is possible only within the confines of a target program. The work on the territorial preplan documents has noticeably increased the activity of science and its growth.

Unprecedented tasks confront the Sverdlovsk planners and economists. A large volume of initial reports and planning information will be required. We feel that the system and forms of the basic indicators of the development of the oblast for the 11th Five-Year Plan, as well as the comprehensive and target programs, should correspond to the approved system of indicators and forms. Only in rare instances is it admissible to require the enterprises to furnish additional information. Experience has shown that there is no need, on an oblast, branch, city, or rayon scale, to reproduce the entire system of planning indicators for the associations, enterprises, and organizations.

Despite the tremendous efforts, the effectiveness of the comprehensive territorial plan for the oblast for the 10th Five-Year Plan was considerably reduced by two circumstances.

First, the territorial plan is not a directive. Its indicators are not mandatory for the enterprises and organizations of union or union-republic subordination.

Secondly, the fulfillment of any plans should be monitored. But the apparatus of the oblast executive committee has been deprived of the corresponding rights and duties as applicable to the enterprises of union or union-republic subordination. In addition, the structure of the oblast executive committee and the oblast planning commission does not correspond either to the scope or to the nature of the tasks that have been brought forward by the comprehensive territorial plan. Instead of the branch [plans], one should form divisions that ply between the target programs.

The July decree of the CPSU Central Committee and the USSR Council of Ministers concerning the improvement of the economic mechanism specified major steps for the purpose of the efficient combination of branch and territorial planning. Their fulfillment will require a certain reorganization of the monitoring and activity of the local Soviets of Workers Deputies,

and the planning, economic, and administrative agencies. Obviously, one cannot get along without the permanent assignment of skilled personnel at the low-level links in territorial planning.

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Summing up the round-table discussion of the Sverdlovsk scientists, one cannot fail to note the following. There is no doubt that we are dealing with valuable experience. It is also obvious that the people of Sverdlovsk have not succeeded in resolving all the problems. And that is understandable: the experiment is of an investigative nature. Everything is not yet clear in the scientific view, and the organizational structure that has been adapted to the planning technology that has developed is lending itself slowly and uneagerly to modification. Therefore there has been no success yet in achieving any impressive results for the oblast as a whole, although the tendencies that have manifested themselves are extremely promising. However, their complete implementation will depend on the degree of completeness with which the people of Sverdlovsk will succeed in carrying out their ideas in the 11th Five-Year Plan and the number of followers that the oblast will find in the country as a whole.

The editors hope to communicate to the readers how the central agencies intend to disseminate the experience that has been accumulated throughout the country in combining territorial and branch planning, including the Sverdlovsk experience.

Report prepared by EKO special  
correspondent I. Ognev

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#### The Urals: Certain Portrait Features

During the first five-year plans the construction of metallurgical, chemical, machine-building, wood-processing, and other plants developed at unprecedented rates in the Urals. One hundred forty-nine major enterprises were activated completely or partially. They included the famous Magnitka, Uralmash, the Chelyabinsk Tractor Plant, Chelyabinsk Ferroalloys Plant, the Krasnoural'sk Copper-Smelting and Berezniki Chemical Combines... Many of them, judged on the basis of capacity and technical equipment, became advanced at that time not only in Europe, but throughout the world.

The first five-year plans converted the Urals into a strong point in the economy. During the past 50 years the Urals have changed to the point of being unrecognizable.

The territory of the Urals Economic Region constitutes only 3 percent of the country, and its population, less than 6 percent. However, there is a concentration here of approximately 10 percent of the nation-wide industrial-production assets and more than 8 percent of the production personnel.



The territorial concentration of production here is 3 times that of the nation-wide level. In 1975 the share of the Urals was one-third of the production of the country's ferrous metals; the most complete set of production of nonferrous metals; one-third the production of metal pipes; more than one-fourth, metallurgical equipment, forging and pressing equipment, and large-scale electrical machinery; approximately one-third of the mainline large-capacity freight cars; 11 percent of the motor vehicles, half the motorcycles; almost 75 percent of the graded asbestos; more than half the production of potassium fertilizers and bauxites; 15 percent of lumber; 19 percent of the paper; and much more.

A large scientific-technical potential has been created in the Urals. The territory has more than 250 institutes specializing in various areas, 50 institutions of higher learning, 320 technicums, and 9000 general-educational schools. Every fourth inhabitant of the region is a student.

During the years of the 10th Five-Year Plan the volume of industrial production in the economic region will grow by 34 percent. This includes the production of electrical energy, by 22 percent; petroleum extraction, 22; gas, 20; plastics and synthetic resins, 78; mineral fertilizers, 52; steel pipes, 15; and motor vehicles, 64 percent.

The situation of the Urals as a link between two parts of the country -- the industrially developed European part, which has only limited raw-material and energy resources, and the rapidly developing eastern regions of the Asian part of the USSR with their tremendous reserves of various minerals, natural raw materials, and energy -- opens up for the region new capabilities with regard to the exchanging of raw materials, the formation of cooperatives in the area of output sales, and in the production and delivery of special equipment.

The very large natural resources of the Urals themselves, its tremendous fixed assets, mighty production apparatus, and skilled cadres of scientists, specialists, and workers -- all these things contribute to the region's economic development. However, the specific growth conditions, the prolonged and intensive exploitation of all the resources, the unevenness in the assimilation and development of individual territories, and the lag in the development of the infrastructure and the living complex led to discrepancies in the development and placement of the territory's productive forces.

This was re-emphasized by a conference that was recently held in Sverdlovsk -- the all-union scientific conference, "Problems of the Development of the Productive Forces of the Urals (With a Consideration of Adjacent Economic Regions) for the Long-Term Period until 1990-2000." In the documents of that conference it was stated clearly that, despite the increase in the overall volume of industrial production in the region, during recent years the share of the Urals in social industrial production has been slowly but steadily falling. On the one hand, this is linked with the

the accelerated development of the promising eastern regions, and, on the other hand, with the fact that, in the economy of the Urals, one has begun to see the effect of shortcomings and disproportions that restrain the further development of the region's productive forces.

In order to rid oneself of this unfavorable symptom, the conference recommended to USSR Gosplan, RSFSR Gosplan, the USSR State Committee for Science and Technology, the Presidium of the USSR Academy of Sciences, and the interested ministries and departments a series of measures, including:

- consideration of the question of developing a special interbranch program for the comprehensive use of the mineral and raw-material resources of the Urals with the purpose of the maximum extraction of the valuable associated components;

- development of a General Comprehensive Scheme for the efficient development of the uniform transportation network in the Urals as a whole and for the individual types of transportation;

- consideration as being desirable the development of a comprehensive program for the efficient use of the water resources of the Urals;

- development locally of a five-year (1981-1985) and long-term (to 2000) plan for the protection of the environment and the efficient use of resources;

- when developing the long-term plan for the development of the national economy of the RSFSR, the devoting of special attention to the development and remodeling of the small and medium cities in the Urals, where the deposits of minerals are processed and where it is necessary to assure their gradual respecialization, with the placement of new enterprises there;

- the more complete consideration of the recommendations made by the Urals planning agencies for improving the interrelationship between territorial and branch planning;

- the requesting of USSR Gosplan to consider the question of creating planning agencies to deal with the problems of the comprehensive development and placement of the productive forces in the major economic regions.

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## REGIONAL DEVELOPMENT

### FINANCING OF REGIONAL PRODUCTION COMPLEXES DESCRIBED

Moscow FINANSY SSSR in Russian No 9, Sep 80 pp 19-24

[Article by B.N. Annenkov: "Financial Aspects in the Formation and Development of Regional Complexes"]

[Text] The 12 July 1979 Decree of the CC CPSU and the USSR Council of Ministers entitled "Improvements in Planning and in Intensifying the Action of the Economic Mechanism With Regard To Raising Production Efficiency and the Quality of Work" called for a system of measures aimed at improving the planning, financing and organization of social production. Among these measures, a very special place was occupied by the formation and development of TPK's [territorial'nyy proizvodstvennyy kompleks; regional production complex], the creation of which represents a basically new development and at the same time a logical continuation of the economic policies developed by V.I. Lenin and aimed at building socialism and communism in our country\*.

The problems concerned with the disposition of enterprises and organizations, the planning and financing of social production and implementing improvements in the entire economic mechanism were viewed by V.I. Lenin from the standpoint of raising substantially the efficiency of the socialist economy. He underscored the need for the "exemplary organization of a small single entity, precisely a single entity, that is, not one farm, nor one branch of a farm, nor a single enterprise, but rather the sum total of all economic relationships or the sum total of the entire economic turnover, even if only for a small area"\*\*.

It was mentioned in the resolutions of the 12th party congress that "living experience has proven the need for avoiding organizational sketchiness and the prejudices of bureaucratic uniformity in the work of combining enterprises based only upon the horizontal or only upon the vertical principle." The recommendation was made to carry out the organization of social production, while "rejecting both departmental and local pretensions, since they conflict with the principle of the most advantageous production organization." During a review of the organizational

\* From a speech delivered by L.I. Brezhnev during the November (1978) Plenum of the CC CPSU. PRAVDA, 28 November 1978.

\*\* Lenin, V.I. Complete Works, Vol 43, p 234.

for management, the guiding principles must be not the formal but rather the material considerations governing the associations and interdependencies of the enterprises and their geographical locations relative to one another and relative to transport operations and the market (combines and so forth and so on)<sup>\*</sup>. The decisions handed down during the congress were realized during the years of the initial five-year plans in the creation of a number of large scale industrial complexes in the regions of the Donetsk and Kuznetsk coal basins and in the Urals.

In recent years the development of TPK's has become a matter of vital concern. Their formation has been promoted to a great degree by studies carried out during the past few years at a number of scientific centers, primarily the Siberian Branch of the USSR Academy of Sciences. These studies have uncovered the role played by such complexes in the accelerated development of socialist expanded reproduction, the general principles underlying the formation and disposition of enterprises and organizations and the transport-economic associations, all of which ensure favorable prerequisites for thorough economic unity of the productive forces in the regions. However, the economists still lack a uniform approach for solving the problems associated with a methodology for planning, financing and control on the scale for a TPK. A common concept for a regional-production complex as a national economic object, one which conforms to the level achieved and to the prospects for developing socialist production, is lacking.

On the one hand, TPK's are viewed as a combination of particular industrial enterprises, united by a common production technology and grouped at one point; secondly -- as an expedient disposition of mutually related industrial enterprises on an 'optimum territory'; thirdly -- as a concentration of mutually related production efforts within a limited region, which jointly utilize its resources and infrastructure. Meanwhile, in the absence of the clarity required for understanding a TPK as a national economic object, the working out of problems concerned with improving their planning and financing is complicated considerably. The interpretation of TPK's as special industrial complexes, the structure of which is limited only by the most important branches of industry, does not prevent the departmental isolation of enterprises, associations and ministries, it is not directed towards the complex development of a regional farm and it is fraught with the possibility of a lack of balance or disproportionality developing.

Studies have shown that the most important elements of all of them, and especially the large-scale TPK's, are not only the industrial enterprises but also the enterprises of transport, electricity, heating, water supply and communications. The formation of TPK's is also greatly dependent upon balanced development for the branches in the agricultural complex. Thus, in defining the concept of a complex, consideration must also be given to including enterprises and organizations of various branches, to the social infrastructure and to the clearly expressed need for their complex planning and financing.

Hence, a regional industrial complex appears as a combination of economically mutually related enterprises, associations and organizations of industrial branches

\* Directives of the CPSU and the Soviet Government on economic matters. Moscow, Gospolitizdat, 1957, Vol 1, p 385.



and the national economy, which are located within a definite region depending upon the availability and characteristics of the natural resources and the geographic, transport and other conditions, which are developed on the basis of complex planning and financing for the purpose of achieving the planned production volumes and balanced socio-economic development for the region in which they are located. Such a definition for a TPK makes it possible to view them as national economic objects having an economically mutually related and stable regional-production structure and a production and social infrastructure, which are developed on the basis of complex planning, financing and control.

The July (1979) Decree of the CC CPSU and the USSR Council of Ministers calls for the establishment of TPK's as independent objects of complex planning -- in accordance with the principal indicators for economic and social development, the preparation of "regional complex programs" and "summary plans for capital construction" and balanced support in the form of material and financial resources. These factors constitute the foundation for raising the level of their complex planning and financing.

At the present time, the use of capital investments for their development and the organization of social production are being carried out by the branch ministries and departments based upon the plans for capital investments and the plans for their financing and title lists. The financing of the group construction of production enterprises, the facilities of auxiliary farms, engineering networks and the lines of communications of individual industrial terminals is being carried out on the basis of combining (in accordance with the principles of share participation) the financial and material resources of the ministries and departments -- the builders -- since this will produce a considerable economic savings. For example, in the case of complex disposition and financing carried out on a share basis for the construction of enterprises of various branches of industry at an industrial terminal in the city of Vitebsk, the number of facilities under construction was reduced from 50 to 17 and a savings of 6 million rubles realized\*. On the basis of an examination carried out by USSR Gosplan, it was established that the creation of an industrial terminal for the exploitation and utilization of deposits of phosphate raw materials in the Buryatskaya ASSR, with the participation of a number of ministries, produced a savings in resources amounting to 15 percent of the original estimated cost of construction for the facilities\*\*.

However, the branch method for the planning and financing of capital investments and construction continues to be the preferred method, despite the fact that it quite often leads to inter-departmental discrepancies in the use and distribution among many construction projects of the material, labor and financial resources. Thus, in the region of the Sayanskiy TPK in Krasnoyarskiy Kray, the construction of a number

\* See Kolokolov, Yu. "Principal Problems of Industrial Terminals," STROITEL'NAYA GAZETA [Construction Newspaper], 16 February 1977.

\*\* See Logachev, V.M., Kondrat'yev, O.I. On combining branch and territorial planning -- a most important condition for raising efficiency in the development and distribution of non-ferrous metallurgy. In the book: "Problemy upravleniya territorial'no-proizvodstvennymi kompleksami" [Control Problems of Regional-Production Complexes], Moscow, 1979, Moscow State University imeni M.V. Lomonosov, p 187.



of important facilities has at the present time either not been completed or postponed for an indefinite period of time. This is the result of uncoordinated operations in planning and financing work by the branch ministries in behalf of the principal and auxiliary facilities of the complex. Individual ministries are not furnishing the resources required for erecting the general-terminal facilities; quite often the leading clients fail to carry out their assigned tasks -- preparation of the planning-estimates documentation and the combining of resources on a share basis.

Under conditions involving an acute shortage of construction materials in the region of the Kansk-Achinsk and Sayanskiy TPK's, fruitless correspondence has been carried out for more than 10 years between the ministries concerning the construction of a large and highly mechanized sand and gravel quarry in an area considered to be exceptionally favorable for exploitation. Nevertheless, construction has yet to commence on this project. Meanwhile, each ministry is creating its "own" small weakly mechanized facilities of the construction industry based upon its own departmental needs\*. The absence of complex development (on an inter-departmental basis) of the construction industry has resulted in its falling behind to a considerable degree. In view of the situation which prevails throughout the kray at the present time in connection with the development of the construction industry, 19 years will be required merely to complete work on facilities already begun, not to mention new facilities.

An obstacle along the path towards achieving complex planning and financing for capital investments in TPK's is the practice of including newly begun construction projects in the capital construction plans and title lists of branch-builders, when financing is still not available for projects started earlier. This leads to a dispersion of material and financial resources and to growth in the volumes of unfinished construction.

Glasnyumen'neftegaz of Mingazprom (Ministry of the Gas Industry), in the capital construction plan for 1977, included 399 newly begun construction projects, the overall estimated cost of which was 529 million rubles and the annual appropriations -- 173 million rubles. At the same time, a reduction took place in the capital investment volumes for 92 carry-over construction projects, with the schedules for placing 62 of these projects in operation having expired. It was mainly for the same reasons that the volumes of unfinished construction in the region of the Western Siberian TPK increased by a factor of 4.1 during the 1970-1977 period.

Analysis has shown that the task of preventing the dispersion of financial and material resources among many projects, the accelerated placing in operation of production capabilities, a reduction in the amount of unfinished production operations and improvements in the effectiveness of capital investments in the formation and development of TPK's are all dependent to a considerable degree upon solving the problems concerned with concentration and the planned and coordinated (on an inter-departmental basis) utilization mainly of the financial resources. The solving of these problems may reduce substantially the requirements for material and, it follows, labor resources.

\* Komarov, I.K. "Methods for Raising the Efficiency of Capital Construction," EKONOMIKA STROITEL'STVA (Economics of Construction), Moscow, 1979, No 2, p 12.

Special importance is attached to coordinating the utilization of the financial resources of branches concerned with the principal specialization. There are no more than 3-4 such branches even at large-scale TPK's. They constitute the greatest proportion of the overall volume of financing. The most powerful industrial and production associations, enterprises and organizations belong mainly to these 3-4 branch-builders. The petroleum and gas branches of industry finance approximately 70 percent of the capital investments in the western Siberian TPK.

Budgetary funds constitute the principal sources for financing capital investments for the formation and development of TPK's. However, their proportion with regard to overall appropriations is gradually decreasing: for example, in the western Siberian complex it decreased from 76 percent in 1971 to 56 percent in 1977. At the same time, the proportion for the internal resources of the branches is increasing (from five to 14 percent). Considerably more resources are being provided by enterprises and organizations which operate within the framework of the complex. Their proportion with regard to the overall financing volume increased from 14 percent in 1971 to 21 percent in 1977 and during this period the amortization proportion increased twofold, reaching 15.4 percent in 1977.

The role played by profit as a source for the financing of capital investments is negligible and in recent years it has decreased (in 1971, its proportion with regard to the overall financing volume was six percent and in 1977 -- four percent), but on the other hand the role played by long term credit increased (three and six percent respectively).

All of the above provides a basis for stating that, in the case of centralized planning, financing and control on the scale of a TPK, true prerequisites exist for strengthening cost accounting, on the basis of which it is possible to increase the proportion of the internal resources of the branches and the resources of enterprises introduced on the spot, and to finance the capital investments using sources formed on the scale of the complex and long-term credits.

In connection with the formation of regional-production complexes, special importance is attached to the organization, planning and financing of planning-research work. The non-complex utilization of material and financial resources is mainly the result of the existing practice of departmental support for the construction projects in the form of planning-estimates documentation. This leads to the manifestation of narrow-minded tendencies by the branch-builders and their associations, operating in the region in which the TPK was formed.

For example, the Rostov Branch of the Teploelektroproyekt Institut [All-Union State Institute for the Planning of Electrical Equipment for Heat Engineering Structures] of USSR Minenergo [Ministry of Power and Electrification], when planning the building system for the city of Sharypovo in Krasnoyarskiy Kray, did not consider the opinion expressed by representatives of the local organs of government and it did not call for the construction of facilities for the social infrastructure or for complex support for the city and the suburban zone in the form of water for developing the agricultural production base. The departmental approach of the construction branches produced a situation wherein some of the facilities were planned and built on the territory of the housing zone in the city of Sharypovo, considerable resources were expended and the facilities had to be moved beyond the borders of the city.

The absence of coordination among the construction branches in the timely and complex preparation of planning-estimates documentation, for the erection of facilities in regions of intensive construction (general plans for the construction of industrial terminals and groups of enterprises, plans for regional planning, building systems for cities and populated points), leads to an archaic building system for a territory, departmental construction of "temporary" buildings and installations and also settlements (including within cities) having their "own" parallel operating installations of a production infrastructure. A good example of this is the building system for the city of Tynda, where 14 isolated settlements having 38 small boiler and numerous other facilities appeared. This same practice is being employed extensively in the building plans for cities in Tyumenskaya Oblast. For 8 years now, the city of Sosnovoborsk in Krasnoyarskiy Kray has been under construction with no use being made of a general plan. In 1977, owing to an absence of planning documentation, a number of construction projects in Tyumenskaya Oblast representing an overall volume of 137.7 million rubles worth of construction-installation work were financed on a favorable basis (according to the estimates for individual facilities). Meanwhile the plans prepared for many of the construction projects are not being used but rather they are being stored in the archives of the planning institutes. Thus, by 27 October 1978, Minnefteprom (Ministry of the Petroleum Industry) had not used the planning-estimates documentation for 338 TPK construction projects representing an overall estimated cost of 4.35 billion rubles, although a number of the projects were not fully supplied with the required documentation.

It is possible to solve the problems concerned with complex planning and supplying the construction projects with planning-estimates documentation by strengthening the centralization of the planning and financing of planning-research work within the framework of TPK's.

The principal causes of the shortcomings taking place in the planning and financing of capital investments for the construction of TPK installations, in our opinion, are as follows: the absence in the national economic plans of regional-production complexes as individual projects for the complex planning of social production, the predominance of branch (departmental) planning and financing of capital investments; the absence of complex plans for economic and social development, complex plans for capital investments and plans for their financing, summary financial and material balances and also a common system for TPK accounting and reporting; the absence of common organs possessing great powers for planning, financing, coordinating and controlling the process of creating and developing large-scale TPK's or groups of closely associated complexes, located in the same region and formed on the basis of common long-term regional complex programs.

The shortcomings noted are manifested most clearly in those instances where the developing TPK's exceed the borders of the existing oblasts and economic regions. The plans developed in the oblasts (krays, autonomous republics) do not regulate the process of their formation. The plans of the ministries participating in the production activities of large-scale TPK's are not suitable for solving the problems of inter-branch regional importance. The planning and financing for the construction of projects are carried out by numerous branch ministries and departments. The local organs of control are incapable of carrying out, at a high level, the entire complex of operations associated with the mutual coordination of

the planning and financial activities of a large number of associations, enterprises and organizations belonging to a number of union and union-republic ministries and departments. They cannot prevent or eliminate the departmental approach in the planning and financing of capital investments, organize inter-branch cooperation in the utilization of material and financial resources or ensure maximum use of the productive capabilities of the various ministries or the dynamic and balanced development of the regional economies.

In order to carry out the large-scale programs for developing the productive forces of regions (in which one large or several mutually associated regional-production complexes are located), control organs are required for organizing the production operations in a region on a complex basis. In the sphere of capital construction, Minvostokstroy [Ministry of Construction for the Eastern Regions] serves as just such an organ.

The following measures should ideally be implemented for the purpose of improving the formation and development of regional production complexes.

In addition to the long-term programs for the creation of regional-production complexes, as called for in the July (1979) Decree of the CC CPSU and the USSR Council of Ministers, summary complex five-year and annual plans for their formation and economic and social development must be prepared. The most important sections of the annual plans for the development of TPK's must be the "summary plans for capital construction," as called for in the decree.

A summary five-year plan and an annual plan for the financing of capital investments should be prepared on the scale for a TPK. This must raise substantially the role played by the financial mechanism in mobilizing all of the sources for financing, concentration and making efficient use of resources, in the interest of ensuring balanced complex construction and the placing in operation and subsequent functioning of the projects.

These plans must call for the singling out, in the form of individual sections, the plans for the financing of capital investments by groups of mutually related branches, based upon their special purpose and depending upon the characteristics of the specific complex. Thus the preparation of a five-year and annual plans for the financing, creation and development of the construction industry and the industry of construction materials and structures (including summary plans for the financing of capital investments) on the scale for a TPK can be of great importance for ensuring the leading development of a construction base in the region in which a complex is located or in adjoining regions taking into account the requirements for the accelerated development of the region's economy. The plans must take into account the requirements for developing the branches not only of the principal specialization but also the secondary and service specializations.

The preparation of such plans is required for organizing the complex construction of all-regional projects, including bases for logistical supply, transport, housing and municipal services and others, where the consequences of intra-departmental disorganization within the construction branches are felt in particular.

The five-year and annual plans for financing capital investments for the construction of facilities belonging to the branches of an agricultural complex on



the scale of a TPK (including summary plans for the financing of capital investments) are required: for ensuring the balanced development of industrial and agricultural production and for the planned and timely development of available agricultural land.

For the purpose of overcoming departmental disorganization in the planning and financing of planning-research work and intensifying the interaction of branch and regional planning and financing organs within the framework of the TPK's, it is recommended that a five-year and annual plans for planning-research work be prepared, with the setting forth in individual sections of those operations of a regional nature which are financed mainly using the resources of local budgets and planning operations for the construction of the facilities of industrial terminals and other construction projects, including facilities of an inter-regional nature. The resources planned by the construction ministries for planning the projects of inter-branch regional importance should ideally be transferred over to the general builder in a timely manner, for use in the complex planning of the projects on the scale of a TPK.

In order to ensure planned and synchronous planning, the construction and placing in operation of the projects and an increase in the capabilities and production of output in conformity with the special complex program, we are of the opinion that a general plan should be prepared for the construction of the complex, one which would span 2-3 five-year plans and be subject to further refinements at the end of each five-year period. Such plans are considerably more complicated than the general plans for large cities or individual industrial terminals, but they are required for preventing large financial and material losses. The general plan must serve to validate the placement system for individual groups of enterprises and organizations, the formation of industrial terminals, the construction of facilities belonging to the production and social infrastructure, the system of settlement and the protection of nature in the region in which a complex is located.

In order to prevent a lag from developing in the carrying out of planning-research work of a regional nature, owing to a shortage of resources, an increase must take place in the expenditures for this work in the overall volume of capital investments allocated for the formation and development of a TPK.

The development of such plans increases to a considerable degree the workload of the branch, regional and central planning organs. Thus the role played by the architectural-planning departments of the oblast soviets should ideally be reinforced and strengthened from an organizational standpoint and also that of the departments for planning-research work of the ministries -- the leading TPK builders who, in our opinion, should be tasked with preparing the plans for planning-research work and also coordinating their fulfillment and financial support. Ideally, the leading regional planning-research institutes (when necessary, specialized institutes should be created) within the TPK framework and in keeping with the overall personnel limitations for workers assigned to the country's planning-research organizations should also be strengthened.

Regional (non-departmental) committees of experts having the authority to analyze all types of planning-estimates documentation of associations, enterprises and organizations, regardless of their departmental subordination, should be created in



the large multi-branch TPK's. These committees must prepare recommendations for the problems concerned with improving individual plans, the systems of general plans for industrial terminals and other materials. The purpose of such recommendations -- ensure complex planning and the construction of projects, prevent the dispersion of resources among many construction projects, ensure a concentration of resources for completing construction and placing pilot complexes in operation, limiting the practice of including newly begun construction projects in the plans for capital construction when financing is not available for projects under construction, lowering the volumes of unfinished construction and raising the effectiveness of capital investments.

In the interest of strengthening the role played by the financial mechanism in the carrying out of capital investments on the scale of complexes, the proposal has been made to define, for the larger complexes, the leading offices of USSR Stroybank [All-Union Bank for the Financing of Capital Investments] and the sub-offices which operate in individual industrial regions (industrial terminals) of TPK's and task them not only with control over the placing in operation but also the development of production capabilities (up until their complete planned capability is reached), since they finance the construction and participate in the acceptance of the pilot complexes. This will strengthen to a considerable degree the responsibility of the financial organs, the clients and the contractors for the final results and for the timely realization of the quantitative and qualitative indicators for the enterprises placed in operation, as established in the plan, and it will raise the efficiency of use of the financial resources.

The defining of the leading offices and sub-offices of Stroybank and the capital investments requires that they be strengthened from an organizational standpoint, especially in remote regions. A certain increase in the personnel strength and wage funds can be realized by reducing the number of this category of workers in the populated regions of the European part of the USSR.

Based upon the positive experience accumulated in expanding the scales of long-term crediting of capital investments at a number of TPK's, we consider it necessary to employ long-term crediting on a broad scale and in a more active manner for the construction of new projects, which take shape mainly for the leading, in conformity with the complex program for developing TPK's, construction of underway production projects, pioneer bases of the construction industry and enterprises for construction materials and structures. Long-term credit should be employed for the purpose of furthering the timely and accelerated expansion and development of the agricultural production base, enterprises for the processing, storage and sale of agricultural products and also local industry. In order to raise the effectiveness of such credit, the proposal has been made, in addition to the preparation of summary plans for the financing of capital investments, to compose plans for issuing credit for capital investments on the scale of a TPK. The credits should ideally be allocated to regional production and industrial associations with a guarantee by the appropriate ministries and the construction-departments and credits for the construction of projects of regional importance -- to the ministries -- the leading TPK builders. The credits should be repaid and interest paid out using the profit of the enterprises, organizations and associations which used the borrowed funds and in some instances by the guarantor-ministries. In the case of a considerable duration for the construction and development of the full planned capability for

industrial and national economic enterprises, the TPK period for liquidating credit and paying the interest is established on a differential basis and for longer periods (compared to existing ones) when necessary, depending upon the normative periods for the construction and mastering of the full planned capability of the projects and the effectiveness of production.

In order to carry out a large volume of work in the sphere of planning, control, financing and logistical supply under the conditions found at TPK's and ensure complex and balanced economic development, it will be necessary to strengthen considerably certain elements of the economic mechanism. In particular, it will be necessary to create a state coordination committee of the USSR Council of Ministers for developing the productive forces of northwestern Siberia (western Siberia TPK) and a state coordination committee of the USSR Council of Ministers for developing the productive forces of eastern Siberia (group of regional-production complexes in Krasnoyarskiy Kray and Irkutskaya Oblast), possessing extensive authority for implementing the appropriate regional complex programs.

A contingent of workers can be formed and the financial expenditures for maintaining the committees can be met by reducing and combining the numerous parallel operating branch and departmental administrative services and other economies and also by realizing a savings in capital investments and operational expenses as a result of strengthening the complex nature of the construction of TPK facilities.

All of these measures aimed at improving the economic and financial mechanism in the regions of formation of large-scale regional-production complexes will promote the successful completion of tasks in the sphere of capital construction and the accelerated development of our country's economy.

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